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NEWS SUMMARY

GENERAL

Europe in NATO defence pledge

NATO's 11 European members meeting in Brussels re-affirmed their commitment to "shoulder their share of the defence burden" following increased American military responsibilities outside Europe.

Several countries are, however, clearly worried at the extra financial cost of filling gaps left by U.S. units in traditional NATO areas.

The UK is thought to be studying plans for increasing war stocks and ammunition rather than stepping up troop reserves. Back Page

Libyan envoys to be withdrawn

Four Libyans are to be withdrawn from their country's London mission at the request of the British Government.

The move is aimed at safeguarding Libyan dissidents living in the UK. Parliament, Page 12

Iranian visas

Government has reimposed the requirement on Iranians to obtain visas before entering Britain.

Premier move

Iranian President Bani-Sadr met Ayatollah Khomeini's son to discuss the appointment of a provisional Prime Minister. Page 4

Uganda crisis

Ugandan military officers holding the national radio station said the country's political crisis would be debated in parliament and would not be resolved with fims. Page 4

Cabinet resigns

Egyptian Premier Mustapha Khalil submitted his Cabinet's resignation to allow President Sadat to form a new Government. Page 4

Cuba seeks talks

Cuban Government is seeking a meeting with Bahamian authorities following the bombing and sinking by Cuban aircraft of a Bahamas defence force ship. Page 6

Robinson refusal

Sacked BL convenor Derek Robinson was refused leave to claim unfair dismissal when he appeared at a Birmingham industrial tribunal. Page 12

Bank shooting

Police fired warning shots over the head of a robber after a Securicor guard was shot and wounded in a £7,000 bank raid at East Finchley, London.

Balloon record

First non-stop balloon flight across North America was completed by Maxie Anderson and his son Kris. They reached Gaspe peninsular, Quebec 99 hours and 54 minutes after leaving San Francisco.

Cat call

RSPCA in Nottingham is looking for the owner of an African parrot which seems attracted to cats. It does not squawk—it meows.

Briefly . . .

Forest fire threatening homes in North Wales was brought under control.

The Pope left Africa for Rome after a 10-day tour.

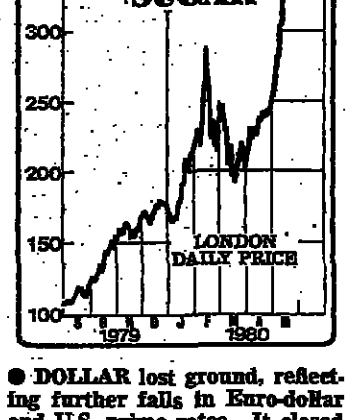
PUBLISHER'S NOTICE

The Financial Times apologises for errors contained in this issue which are due to difficulties in the reading department.

BUSINESS

Sugar up to 5-year high; $ falls

● SUGAR surged to a five-year high on the London futures market. It gained £23.875 tonne to £358.25, a rise of £83 on last month. Page 35



● DOLLAR lost ground, reflecting further falls in Euro-dollar and U.S. prime rates. It closed at DM 1.7915 (DM 1.8130) and its trade weighted index was 85.3 (86.1). Page 30

● STERLING improved against dollar, closing at $2.2815 ($2.2755), but lost ground against European currencies. Its trade weighted index fell to 72.9 (73.0). Page 30

● GOLD closed $1 up in London at $513.5. Page 30

● WALL STREET was up 0.89 at 805.89 near the close. Page 31

● GILTS rose on the further expected cuts in U.S. prime rates. The Government Securities Index gained 0.07 to close at 67.54. Page 36

● EQUITIES were again depressed because of the bleak economic outlook and the FT 30-share index closed 2.3 down at 434.2. But intensified speculation pushed Oils up 9.33 to 724.96. Page 36

● EEC's European Commission warned member states that money for the agricultural fund could run out this autumn unless the Community's 1980 budget is finalised. Page 3

● TREASURY said the Government borrowing requirement was unusually low in April because of a sharp rise in tax receipts. Page 9

● GOVERNMENT is to reduce the period over which it makes public spending commitments from four years to three. Page 10

● COAL production may have to treble over the next 20 years to meet the world's growing demand for energy, a 16-nation report on the coal industry concludes. Back Page

● BURMAH OIL plans to double its capital expenditure to about £60m this year and to expand its exploration and production activities in the North Sea. Page 23

COMPANIES

● ROLLS-ROYCE and its U.S. rival Pratt and Whitney have signed a $1.5bn (£660m) deal which covers the future development and production of the Pegasus vertical take-off engine used in the Harrier jump-jet. Back Page

● CHRYSLER announced the closure of two North American plants, with the loss of 2,500 jobs, as part its U.S. Government-agreed rescue plan. Back Page

● HOUSE OF FRASER is strongly resisting attempts by its largest shareholder Lonrho to force it to raise its proposed final dividend by 50 per cent. Back Page and Lex

● UNILEVER raised pre-tax profit 7 per cent from £129.4m to £138.2m in the first quarter of this year. Sales were 11 per cent up at £2.69bn. Page 22; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. Var. 1982	£93¼	+ ½
Akroyd & Smithers	250	+ 12
Automated Sec.	239	+ 9
BTR	373	+ 7
Black Arrow	34½	+ 6½
British Sugar	208xd	+ 24½
Brocks Group	30	+ 5
Cawoods	212	+ 10
Christy Bros.	30	+ 7
Clifford's Dairies	195	+ 83
Dunlop	70xd	+ 5½
Home Cnts. News.	85	+ 5
King and Shaxson	77	+ 7
News Intnl.	153	+ 15
Polly Peck	44	+ 3
Prov. Laundries	49½	+ 3½
Robertson Foods	116	+ 5
Rush Tompkins	167xd	+ 11½
Sothebys	449	+ 16
Tate and Lyle	134	+ 6
Tube Invs.	252	+ 8
Berkeley Expln.	198	+ 21
Carless Capel	150	+ 10
Siebens (UK)	860	+ 45
Tricentrol	366	+ 16
General Mining	710	+ 20
Malay Dredging	690	+ 35
Selection Trust	665	+ 20
FALLS		
Berisford (S. W.)	140	− 9
Bilton (P.)	205	− 13
Blue Circle	310	− 6
Garnar Scotblair	76	− 4
Harris Queensway	186	− 7
Kitchen Queen	11	− 2
NSS Newsagents	112	− 6
Pennine C'mmercial	4½	− 1½

Some trains likely to run despite TUC Action Day

BY ALAN PIKE, LABOUR CORRESPONDENT

RAIL SERVICES will be badly affected by tomorrow's TUC Day of Action protest against Government policies.

But at least some trains are likely to run. How many will in many ways determine the effectiveness of the entire demonstration.

British Rail said yesterday the results of its survey of employees were "sufficiently encouraging" for it to attempt to operate a service. But the outcome is less clear than the management would have liked, and union leaders were continuing to predict last night that comparatively few trains would run.

British Rail warned that the number of railwaymen reporting for duty could vary from shift to shift—meaning there can be no guarantee that services which operate tomorrow morning will run later in the day. Local services should operate normally until the close of today's operations, but there are unlikely to be sleeper services today or tomorrow.

Major disruption of transport services is essential to the organisers of the Day of Action if it is to involve large numbers of people who would otherwise try to get to work. London Transport will, like British Rail, try to maintain a service. But it has no idea how many staff will stay away from work.

British Airways says it will attempt to operate a full service but will not know until tomorrow whether this will prove possible. "Like other transport undertakings we simply do not yet know how many of our staff will be involved in action," said a spokesman.

Foreign airlines would also be affected by large-scale action at major British airports.

Dockers and seamen are also being urged to join the stoppage. Ferry services are in danger of being affected and intending passengers are being advised to check before setting off for ports.

In the major legal challenge which has arisen over the Day of Action, Express Newspapers announced yesterday it was not proposing to take any further court initiative at present over the "apparent refusal" of the National Society of Operative Printers, Graphical and Media Personnel to comply with a court order granted last week. This required leaders of four print unions to withdraw circulars urging members to take part in the Day of Action, but the NATSOPA executive has refused to do so.

Express Newspapers said it had "consciously refrained from taking any action to date" in the hope that wise counsels would prevail and the NATSOPA executive would reconsider its position. With that in mind, it was not proposed to take any further action before the courts at this stage, "thus giving the union further time to review its position and thus relieving Express Newspapers from having to consider the possibility of further action."

Delegates to the Institution of Professional Civil Servants conference in Eastbourne yesterday forced their executive to withdraw circulars endorsing token strikes and demonstrations during the Day of Action. This move came as the Confederation of British Industry claimed that, according to reports coming from employers in the regions, support for tomorrow's action is continuing to decline.

Sir John Greenborough, CBI president, said: "Reports confirm our view that the nearer we get to the day, the less enthusiasm there is for it."

A Marplan poll conducted on Saturday among 744 trade unionists for BBC's Panorama showed that 73 per cent of trade unionists did not think the TUC was right to call for a

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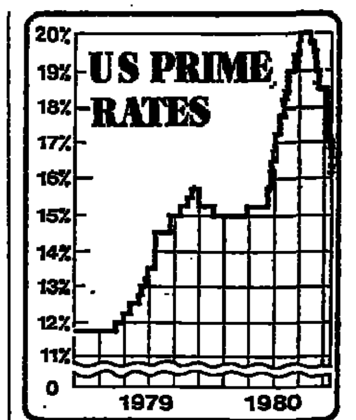
Civil servants rebuff TUC Page 12 ● Editorial comment Page 20
French day of action Page 3



U.S. prime lending rates fall

By Ian Hargreaves in New York

U.S. PRIME LENDING rates tumbled further yesterday as several banks moved to 16½ per cent and one smaller bank—Ameritrust of Cleveland — set its rate at 16 per cent.

With the majority of the big banks still holding their Prime Rate at 17½ per cent, the spread of rates is again widening as banks respond differently to the recent sharp downward pressures on other short-term interest rates.

Morgan Guaranty led yesterday's move to 16½ per cent but it was not joined immediately by other large New York banks. However, Continental Illinois in Chicago, the seventh largest bank in the U.S. quickly followed Morgan Guaranty's lead.

In the credit markets, short-term rates showed little movement in early trading yesterday in spite of strong selling in the bond market.

Some bonds lost up to two points in value, as dealers lightened their holdings of last week's $7.5bn Treasury auction of notes and bonds. Prices regained about half the lost ground by noon.

Federal funds, the key short-term interbank rate in the U.S. was in the 10.5 to 11 per cent range in the morning, with no sign of any intervention by the Federal Reserve Board.

The fresh fall in U.S. interest rates depressed the dollar yesterday, erasing most of the gains it made in Friday. It closed at DM 1.7915, well down from Friday's close of DM 1,8130, and at SwFr 1.6610 against SwFr 1.6805. The yen also improved, rising to Y225.6 to the dollar from Y231.75 on Frida, its highest level since mid-October.

Money Markets, Page 30

£ in New York

—	May 9	May 8
spot	$2.2720-2740	$2.2835-2850
1 month	1.21-1.11 dis	1.14-1.30 dis
3 months	3.14-3.04 dis	3.25-3.15 dis
12 months	6.30-6.10 dis	6.50-6.30 dis

Electricity prices go up another 10%

BY MARTIN DICKSON, ENERGY CORRESPONDENT

AREA ELECTRICITY boards yesterday announced plans for an unexpected 10 per cent price rise in August—on top of a 17 per cent increase in April.

The Government has also said that it is ordering the Monopolies Commission to investigate the efficiency and the costs of the Central Electricity Generating Board, which provides the area boards with their bulk electricity supplies.

The area boards in England and Wales said they were "considering" bringing forward by two months a round of price rises originally intended for October. The increases, averaging about 10 per cent, will be double the rise widely expected, although the boards had never committed themselves to a figure.

The Electricity Council, co-ordinating body for the areas, said rising fuel costs, which account for about half the industry's total costs, were the main cause of change of plan.

In the past financial year oil had doubled in price and coal prices had risen by 35 per cent. Capital charges and salaries had also risen, while the industry had to keep within its Government-imposed financial target and borrowing limit.

Announcing the Monopolies investigation, Mrs. Sally Oppenheim, the Minister of State for Consumer Affairs, said the cost of the CEGB's bulk electricity supplies to the area boards was a very large element in the consumer's bill, which had risen substantially in recent years.

"It is important to establish that everything possible is being done by the CEGB to absorb costs and to increase efficiency in order to keep prices as low as possible," she said. The commission's terms of reference have yet to be announced.

This will be the third Government-backed investigation into aspects of the industry's prices within four years. The Price Commission, abolished by the present Government, looked at area board's price rises in 1979 and at features of the bulk supply tariff in 1977-78.

The new price increases will end the electricity industry's sopes of reducing the price advantage currently enjoyed by the gas industry. Gas prices to domestic users also went up by 17 per cent in April and will go up by another 10 per cent in October.

● Gas and electricity savings stamps, which help spread the cost of fuel for consumers billed quarterly, will be available in sub-post offices from June 2.

Parliament, Page 12

Bank gives reassurances on new liquidity controls

BY MICHAEL LAFFERTY AND DAVID MARSH

THE BANK OF ENGLAND yesterday gave British banks partial reassurance about the effects of its proposed regulations on bank liquidity. However, several bankers left a 2½-hour meeting with the Bank of England still highly critical of the Bank's proposals to bring in cloes controls on key aspects of their borrowing and lending.

The meeting between the Bank and the British Bankers' Association — representing the main British as well foreign banks in London—was called to allow commercial bankers to air their grievances on the recommendations.

The proposals set down rules for the volume of liquidity that banks have to hold to match their deposits. Bankers say the scheme could raise the cost of credit, distort competition and excessively penalis some forms of wholesale banking in London.

Mr. Peter Cooke, head of the Bank's supervision department, stressed that the liquidity proposals were intended only as a basis for discussion. He also aid that the scheme could be used simply as a monitoring device rather than as a specific method of control. The proposals, drawn up in a consultative document published seven weeks ago, set down rules for the volume of liquidity that banks must hold to match their deposits.

The liquidity paper has attracted heavy criticism from all sections of the London banking community, even though it provides some sectors with relative advantages. Although

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Australian group seeks $1bn gas project credit

BY PETER MONTAGNON

WOODSIDE PETROLEUM, the Australian energy concern, is negotiating a $1bn (£441m) credit from a group of international banks to finance its share of the North West Shelf gas project off Western Australia. It is believed to be the largest energy related credit ever to be assembled in the Euromarkets.

The company and its advisers, the merchant bank Morgan Grenfell, have been holding highly secret discussions with several international banks in recent weeks. These include Bank of Montreal, Banque Nationale de Paris, Barclays, Chase Manhattan, Citicorp, Industrial Bank of Japan and Morgan Guaranty.

None of the participants were willing to talk yesterday about likely terms and conditions of the credit, though Woodside said in its 1979 annual report it hoped to have financing available by September this year.

It is understood that the loan agreement will provide for the borrowing to be secured against the cash flow from the gas deliveries.

Woodside has a 50 per cent share in the project, for which its total funding requirement is likely to be about A$2.5bn before it becomes self-financing.

Gas from the project will be sold initially to the State Energy Commission of Western Australia. Part of the output will later be exported to Japan.

Other companies with a share in the project are California Asiatic Oil, BP, Shell and Broken Hill Proprietary. The last two own 43 per cent of Woodside as well as their own separate stake in the venture which is held through North West Shelf Development Pty.

The project involves construction of an 85-mile pipeline from the field to a processing plant near the port of Dampier, Western Australia.

The plant will produce 375m cubic feet of gas a day for Western Australia, 1.4m tonnes of condensate a year, 630,000 tonnes of liquefied petroleum gas a year and 6m tonnes of liquefied natural gas a year.

Berisford bid for British Sugar

BY JOHN MOORE

S. and W. Berisford, the UK's biggest sugar merchant, is mounting a £120.8m takeover bid for British Sugar Corporation, a major sugar producer. The bid is likely to be resisted.

The board of British Sugar is meeting this morning to consider its reaction.

Under its share and cash bid, Berisford is offering three of its own shares and 353p in cash for every four British Sugar shares. Berisford's shares fell 9p to 140p in yesterday's trading on the London stockmarket, so its offer values each British Sugar share at 201p. British Sugar's shares rose 24½p to 208p.

Berisford made its move after building up a 9.99 per cent stake in British Sugar in March. Its holding represents 5,994,000 shares. If British Sugar shareholders accept Berisford's offer Berisford will have to issue 40.5m of its own shares and put up £51.7m in cash to complete the deal.

Berisford said yesterday it believed a merger of its commercial expertise and the manufacturing capacity of British Sugar "will provide for the new group to a secure base from which to exploit new opportunities to the benefit of employees, shareholders and the agricultural community of the U.K."

Berisford added yesterday that it had not discussed the latest offer with the British Sugar management. "We felt that British Sugar's management would not have found its way clear to make a recommended offer."

The Ministry of Agriculture holds a 16.67 per cent stake in British Sugar, and the Treasury a 7.50 per cent stake. Prudential Assurance holds 5.96 per cent of British Sugar's equity.

It is understood the Ministry of Agriculture has already warned Berisford that the proposed bid may be referred to the Monopolies and Mergers Commission.

The Office of Fair Trading has already started its study of the bid and depending on its findings, will advise the Department of Trade on whether the bid should be referred to the Monopolies Commission.

In the financial year ending September 30, 1979, Berisford reported pre-tax profits of £32.22m, compared with £31.36m, on turnover of £2.17bn (£1.34bn). British Sugar's results over the same period showed pre-tax profits of £32.4m compared with £25.58m. Turnover of the group was £381m (£304m).

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For latest Share Index 'phone 01-246 8026

Why Schmidt's landslide threatens his hold on power

BY ROGER BOYES IN BONN

"ALL ELECTIONS call for both Valium and champagne." That was the laconic comment of Herr Johannes Rau, the Social Democrat Premier of the West German state of North Rhine Westphalia, after the initial flush of his party's landslide election victory at the weekend.

At first, champagne seemed more in order. The Social Democrats, canvassing on the record of Chancellor Helmut Schmidt as much as on that of Herr Rau, won 48.4 per cent of the vote and an absolute majority in the state parliament. The Opposition Christian Democrats lost almost 4 per cent and scraped up 43.2 per cent of the vote.

But the problem is that the Social Democrats' success was at the expense of their junior coalition partner, the Free Democrats, who won only 4.98 per cent of the vote and were thus pushed out of the state parliament altogether. Under German law, parties have to win 5 per cent of the vote to gain parliamentary representation.

If this trend were reflected in the October general election, the Chancellor could certainly be forgiven for reaching for the Valium bottle. Whether the Free Democrats end up just above or below the 5 per cent hurdle, it still spells trouble for Herr Schmidt.

The Free Democrats' failure was partly the result of specific regional factors, and this may be something of a consolation for the Social Democrats. The party has been in considerable disarray, and last year was forced to oust its chairman, Herr Horst Ludwig Riemer. The new leadership, under Herr Burkhard Hirsch and Frau Liselotte Funke, has thus scarcely had a chance to establish a popular following.

The Free Democrats' only chance was to win votes away from disgruntled Social Democrats and Christian Democrats. But the unusually short election campaign — curtailed because of a mourning period for Herr Heinz Koeppler, the Christian Democrat leader who died in the run-up to the polls — clearly worked against the party.

The major cause of the Free Democrats' defeat — and the most disturbing element for the Social Democrats' election strategists—was the polarisation of the campaign. The voters were left in little doubt that the North Rhine Westphalia elections were something of a model for the federal elections in October. They were given the effective choice of voting for the Chancellor, via a vote for Herr Rau, or for Herr Franz Josef Strauss, the Opposition contender for the chancellery via a vote for Dr. Kurt Kiedenkopf, The Christian Democrat challenger. It was as simple as that: Schmidt or Strauss — and the voters settled for Schmidt.

The Free Democrats, meanwhile, had disappeared into the black hole between the two main party constellations. The Chancellor made four major appearances in the state during the campaign, Herr Strauss made almost a dozen. But Herr Hans-Dietrich Genscher, the Free Democrat chairman, was hamstrung by his duties as Foreign Minister and had to limit his attendance at rallies.

There is a sense in which the Schmidt-Strauss confrontation —likely to become progressively sharper in the coming months— symbolises a trend in German politics towards a two-party system. The 5 per cent rule was designed to prevent the plethora of small parties which made the post-World War I Weimar regime untenable. Sometimes it has been a benign law—for example, it prevented the neo-Nazi party from making significant gains during the 1960s. But it has aiso resulted in increasingly seeking out the two major parties. After the war only some 60 per cent of the votes cast went to the two major parties—but at the last elecion the Christian Democrat/ Christian Social Union Alliance and the Social Democrats accounted for over 90 per cent of the votes cast.

The Free Democrats, although they have now recorded recorded losses in several state elections, clearly still have a role.

But what will happen if the Free Democrats are edged out in the general elections because of a strong pro-Schmidt vote. A preliminary breakdown of the North Rhone Westphalia results show the Social Democrats were unmistakably the main beneficiaries from the Free Democrats' defeat.

Yet the Chancellor will face considerable internal party problems if the Free Democrats go under the 5 per cent barrier. Herr Schmidt can keep his influential left-wing in check now by stressing the need to maintain the Social Democrat/ Free Democrat coalition. If the Chancellor seems a little laggardly on state subsidies and social reform, his supporters argue, it is because the Free Democrats are holding him back.

But with an absolute majority in the federal parliament, Herr Schmidt's left-wing critics—and there are many, especially at the grass roots constituency associations—will be given free rein.

But the alternative—that the Free Democrats win just over 5 per cent—is scarcely more attractive to the Chancellor. If the Christian Democrats lose the election, it is assumed that they will drop the pilot, Herr Strauss. As far as the Free Democrats are concerned, this would clear the major obstacle to a coalition with the Christian Democrats. Already, many of the Free Democrats' economic policies would fit easily enough into the Christian Democratic Party manifesto—an end to state subsidies, an attack on excessive public spending, large tax cuts. If Herr Schmidt comes under siege from the left, this may come to seem the lesser of two evils for the Free Democrats.

The Chancellor thus faces a situation in which it may be preferable to advise some of his Social Democrat supporters to vote for the Free Democrats, if only to retain the internal balance of power and to prevent a radical realignment of parties. One thing is for sure, though—the Free Democrats will stay at the side of the Chancellor at least until the elections in October.

The Free Democratic Party of Herr Hans-Dietrich Genscher, left, failed to capture a seat in North Rhine Westphalia. Herr Johannes Rau, right, the state Premier, now has an absolute majority in the state parliament.

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Terrorism accusation clouds Italian local polls campaign

BY PAUL BETTS IN ROME

THE START of Italy's regional election campaign has been clouded by a personal tragedy affecting Sig. Carlo Donat Cattin, the deputy secretary of the Christian Democratic party and one of the country's most outspoken and influential politicians.

His political career is threatened by the claim that his 30-year-old son Marco is a member of the extreme left-wing terrorist group, "Prima Linea" or "Front Line." This is one of the mos active subversive movements in Italy after the "Red Brigades."

A warant has been issued for Marco's arrest on a change of being a member of an illegal rmed band and suspicion of taking part in terroist activities.

Sig. Donat Cattin, a former Industry Minister, says he has not seen his son for two years, but, on learning of the charges, offered to resign his party post. The offer has been rejectedñ

The charges against his son are reported to result from disclosures by jailed terroists who appear to have made important confessions which have led to widespread arrests of suspected Red Brigades and Prima Linea members.

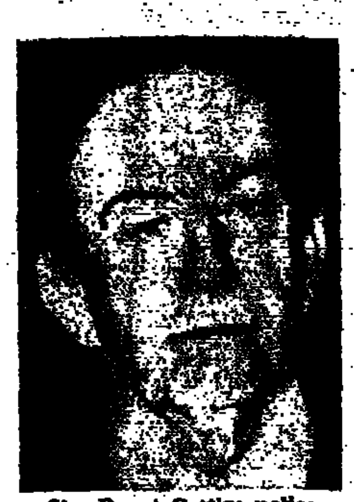
Although all the main political parties have said the Cattin affair hould not become an electoin issue, it is never the less having repercussions on the campaign.

The June 8 elections are regarded generally as the first serious test for the new centre-left government of Sig. Francesco Cossiga. In many respects, they are a replay of last summer's inconclusive general election. The Christian Democrats hope to see the Communists lose votes in important cities like Naples, Rome, Milan and Turin which came under left-wing administrations after spectacular Communist gains in the last regional elections in 1975.

These left-wing administrations have been criticised increasingly for failing to resolve the big cities' growing problems, and the Christian Democrats and smaller lay parties have been confident up to now of winning votes from the Communists on June 8.

Sig. Donat Cattin, in fact, has been one of the fiercest critics of the Communist party's record in regional government. He has also accused them of financial irregularities for political patronage purposes in many regional administrations under their control.

Sig. Giancarlo Pajetta, the veteran Communist leader, Sig. Donat Cattins' son in a referred to the charges against radio broadcast at the wekend, remarking: "They have sought terrorists among the grandchildren of Marx but they now find one among the children of Donat Cattin."



Sig. Donat Cattin: police seeking his son

Brussels says farm cash may run out in autumn

BY JOHN WYLES IN BRUSSELS

AFTER NEARLY five months without a properly constituted budget, the European Commission has warned EEC member states that a financial crunch is looming and that it may not be able to fund farm spending beyond September or October.

The warning is unlikely to come as a great surprise to either the Council of Ministers or the European Parliament with which budgetary authority is shared.

Without a budget endorsed by Parliament, the Community has been forced to spend no more than it did last year and, since agriculture expenditure is running 14 per cent ahead of the January-May rate for 1979, the money is bound to run out before the end of the year.

However, now that the financial shoe is clearly pinching, the absence of a budget becomes another important political pressure forcing the Community towards a settlement of its two other crises—the UK's budget settlement for 1980.

payments and a farm price

Passage by Parliament of a 1980 budget would follow naturally from a resolution of the other two problems since both will have an important impact on the pattern of Community spending this year and any budget proposal which does not take account of this would be meaningless.

domestic demand, the

Since Parliament rejected a draft budget last December the Community has managed remarkably well under the so-called one twelfth regime. This broadly limits monthly spending in each sector to a twelfth of the previous year's total.

But the Commission has obtained some flexibility from the Council and Parliament which has enabled it to borrow forward in order to satisfy the irregular patterns of agricultural spending which cannot be neatly accommodated under a one twelfth regime.

The 14 per cent rate of increase in farm expenditure, however, has meant that the Commission has been advancing 1bn European units of account (£610m) a month to member states to cover their agriculture market maintenance. This is 164m EUA (£100m) more per month than the one twelfth system permits, and the Commission is now seeking another 936.6m EUA (£571m) to cover anticipated farm spending requirements up to the end of August.

It is also seeking approval to transfer money available in one "chapter," for example cereal markets, into another, notably fruit and vegetables.

French 'day of action' will hit services

By Terry Dodsworth in Paris

WIDESPREAD disruptions are expected in the French public services today, because of a day of action called by three of the country's main unions.

The protest against proposed changes in the Social Security system, will hit mail, electricity and train services, and the ports. Most newspapers will be closed for the day, and teachers will hold meetings in school hours.

The union action follows measures by the Government to prevent company-backed insurance schemes giving a full cover for Social Security payments.

After the rapid growth in the cost of the Health Service in recent years, the Government is backing a scheme which would force individuals to pay between 5 and 12 per cent of some treatment costs themselves, even when they are covered by insurance.

This, it is argued, should reduce Government expenditure, as well as cut the costs of the insurance schemes, putting them more within the reach of lower-income workers.

The unions are also objecting to proposals for a new system of paying doctors, which, they say, may create one Health Service for the rich and another for the poor.

By bringing together France's two biggest unions—the Communist-led CGT and the left-wing CFDT—along with the FEN, the teacher's union, the day of action will to some extent repair the divisions which led to completely separate demonstrations on May 1.

The two bigger organisations are still, however, only giving an appearance of unity The CGT is to hold its own march in Paris. The CFDT, while refusing to support this, has decided not to organise a rival demonstration.

Norway set for payments surplus

BY FAY GJESTER IN OSLO

HIGHER PRICES for oil and gas exports are set to convert Norway's expected payments deficit this year into a record surplus. There will be a budget surplus, too, rather than a deficit thanks to increased state revenues from oil activities. This is disclosed in revised government economic forecasts published at the weekend.

An important result of the changed situation is that the Government, and Norges Kommunalbank, the state municipal bank, can suspend plans to borrow abroad this year. The abrupt decision is described by bankers here as unprecedented. The state had been expected to raise several billion kroner on foreign markets this year.

The Finance Ministry says the move marks the first step towards securing Norwegian freedom of action in foreign economic policy as a result of its rising oil income.

The revised national budget forecasts show clearly the role now played by oil and gas in Norway's economy. The first forecasts, published in October, foresaw a NKr 12bn (£1.07bn) trade surplus offset by a NKr 13.8bn (£1.23bn) deficit on the balance of interest and contributions, reflecting the cost of servicing Norway's large foreign debt.

The surplus on the balance of goods and services is now expected to reach about NKr 30.5bn (£1.83bn), mainly because income from oil and gas exports, including pipeline transport, is expected to total NKr 45bn. This compares with the earlier estimate of NKr 34bn and will more than offset less favourable developments, such as exports of other goods rising less than foreseen and higher imports.

Overall, the payments balance this year is now expected to be at least NKr 7.3bn in surplus, even allowing for possible interruptions in petroleum production. If the oil and gas flows without a break the surplus could reach NKr 12bn.

The national budget, previously forecast to show a deficit, before loan transactions, of NKr 4.2bn, is now expected to be NKr 4.61bn in surplus.

In its comments on its revised estimates, the Government warns that higher oil earnings must not be spent on raising living standards. A consumer spending spree, when labour is already scarce, would simply push up costs and make Norway's industry less competitive abroad, it says.

Keeping prices under control will be difficult anyway, this year, despite the relatively moderate pay deal concluded recently between unions and employers, because import prices are rising more rapidly than foreseen. In the year to mid-April the consumer price index rose by 9 per cent.

Money and credit policy will continue to be tight, the Government says. The banks' lending quotas for 1980 are being increased only slightly. Moreover, the Government has decided not to let domestic interest rates in future be determined by market forces.

Mr. Ulf Sand, the Finance Minister, said the Government would continue to issue guidelines on interest rate levels to the banks and insurance companies. The new system, however, would be more flexible than the old "understanding" between the Government and the financial institutions which kept interest rates artificially low. This system was relaxed in 1977 to encourage savings and curb credit-financed consumption.

The Norwegian Commercial Banks' Association has deplored the Government's decision to continue regulating interest levels. It claims also that the banks will be unable to provide finance for new housing on the scale foreseen by the Government within the lending limits set by the revised national budget.

Fish accord with Iceland

BY OUR OSLO CORRESPONDENT

NORWAY AND Iceland have reached agreement in the dispute over Norwegian claims to a 200-mile economic zone around Jan Mayen Island. A draft pact, involving substantial concessions to Iceland, has been concluded after three days of bargaining between Ministers of the two countries. It is expected to be ratified by both Parliaments.

Jan Mayen, which belongs to Norway, and Iceland are less than 400 miles apart, and the deal will give Iceland control of the "grey zone" where the two economic zones overlap. Also, between 1980 and 1983, Norway will receive only 15 per cent of the allowable catch of capelin in the Jan Mayen economic zone. Capelin, a small fish used mainly to make oil and meal, is the main fish resource in these waters.

The deal is being justified here on two grounds: the exceptional importance of fisheries to Iceland's economy, and the need to maintain unity within the NATO

E. Germany moves against Polish tourists

BY LESLIE COLITT IN BERLIN

EAST GERMANY announced a steep revaluation of the mark against the Polish zloty yesterday in a move to limit the mass buying of East German products by Polish visitors. The revaluation, which takes the mark from 6.63 to 7.7 zlotys, reflects the strength of the East German economy compared with that of neighbouring Poland.

Millions of Poles and East Germans are affected since the revaluation applies to travellers between the two countries. It will not affect trade, which is conducted in an account of bookkeeping called transferable roubles. But last year, 5.4m Poles visited East Germany via visa-free border crossings, mainly to buy goods either unavailable or expensive in Poland.

Although it is forbidden to take meat from East Germany to Poland, where it is in chronic shortage, East Germans in the border areas still complain that their butcher's shops are cleaned out by Polish visitors shortly after opening. Poles are limited in the number of East German marks they may buy but there is a flourishing black market in zlotys used by East Germans on holiday in Poland.

Polish motorists in the border areas buy cheaper petrol across the border. But East Germany is preparing to introduce petrol coupons for all East European visitors to buy in their own countries and at their own prevailing domestic price.

The revaluation is designed to bring the zloty closer into line with a black market rate of 10-12 zloty to one mark.

This is the fifth and sharpest revaluation of the East German mark against the zloty since 1973 when the official rate stood at 4.78 zloty to the mark.

Spanish editor in court again

By Robert Graham in Madrid

THE EDITOR of Spain's leading liberal daily, El Pais, is due to appear in court today to answer charges of insulting the police in an article on alleged maltreatment of a terrorist suspect.

Last week Sr. Juan Luis Cebrian was sentenced to three months imprisonment and fined Pta 50,000 (£310) for contempt after publishing an editorial strongly attacking the judiciary.

His prosecution is quickly becoming an embarrassment for the Government. The actions brought against him have resulted fro mmoves by the Attorney-General, so identifying the Government with attempts to muzzle the Press.

Last week's sentence related to an editorial of April, 1978, entitled "Press and Democracy." The Attorney-General appealed against a lower court decision and changed the charge from disrespect to contempt of judicial authority.

Over the weekend the opposition contrasted this sentence with that handed down last week by a court martial to two army officers found guilty of plotting agai httsntse.eat of plotting against the state.

The officers were allowed to retain their ranks and were given seven and six months' imprisonment respectively for contemplating the seizure of the Cabinet and demanding a Government of national reconciliation.

Those who have rallied to support Sr. Cebrian include a wide cross section of politicians, journalists and academics.

El Pais itself, in comment after the sentence, has underlined the linkage between the Attorney-General and the government of Sr. Adolfo Suarez. Since the paper was founded in 1976 four of the five legal actions against Sr. Cebrian have been brought by the Attorney-General

Sr. Cebrian hays he intends to remain as editor and believes that the Attorney-General will hold the prison sentence in abeyance. But, if he is found guilty of the smallest oence, again—even unrelated to journalism—he could be disqualiefid from being a journalist.

There has been a notable increase in cases restricting freedom of expression and Sr. Cebrian said he believes this is a change of policy adopting a tougher line by the authorities.

● Sr. Rafael Calvo Ortega, a former Labour Minister, has been unanimously elected Secretary-General of Spain's ruling Union de Centro Democratico party. The move results from the ministerial reshuffle ten days ago.

Russians intransigent over Afghanistan

BY DAVID SATTER IN MOSCOW

DESPITE SIGNALS in the Press that the Soviet Union is ready for a "frank and honest dialogue" to help resolve the crisis in U.S.-Soviet relations, tere appeared to be no reason yesterday to believe that progress is possible under existing circumstances.

With yesterday's opening of the North Atlantic Treaty Organisation's ministerial meeting in Brussels, and the first high-level U.S.-Soviet meeting since the invasion of Afghanistan set to take place in Vienna on Friady, it was expected that a statement of East-West positions might be imminent.

The Soviet call on Sunday in the Communist Party newspaper Pravda for an end to "demagogic methods" and a "sober" attempt to improve relations did not represent a step forward because, in repeating the Soviet version of events in Afghanistan, Pravda made it clear that there is nothing yet to discuss.

Pravda said "timely Soviet help" to Afghanistan prevented the country from becoming a "military bridgehead" for U.S. imperialism, and said that President Jimmy Carter, instead of calling on the Soviet Union to change its behaviour, should say when the U.S. would cease its "undeclared war" on the "Afghan people and the lawful government of Afghanistan."

The war in Afghanistan is reported to be going badly for the Russians, both militarily and politically, with increasing casualties and signs that the Russians are having no success in building a local base.

Their insistence that the Afghan Moslem rebellion is "outside interference," against which the "legitimate Government" of Mr. Babrak Karmal, the Afghan President, is in need of protection, leaves them little room for concessions even if they were contemplating any.

The offer to conduct a "frank and honest" dialogue, also contained in the Pravda report, bore a strong resemblance to last month's offer by the Soviet-backed Afghan regime to start talks with Iran and Pakistan on normalising relations.

A genuine dialogue between the U.S. and the Soviet Union was not expected to be feasible if it is based on an interpretation of facts which the West rejects, any more than talks with Iran and Pakistan on normalising relations were likely as long as they were to be held with an Afghan regime which neither Iran nor Pakistan has any intention of recognising.

Rotterdam dockers defy Government wage curbs

BY CHARLES BATCHELOR IN AMSTERDAM

DOCKERS IN Rotterdam have voted for wage demands which could make the port the centre of a new bout of labour unrest.

A branch meeting of the FNV Transport Workers Union, approved by a large majority a call that the union press for improved pay in defiance of the Government's wage curbs.

Only 350 harbour workers out of the 10,000 who are members of the Socialist-Catholic trade union attended the meeting.

They voted to resurrect a claim first drawn up last Autumn for real wage increases of 2 per cent over and above inflation-linked rises, longer holidays and an improved early retirement scheme. The decision was taken against the advice of the executive committee of the union which has 1.1m members in all areas of Dutch industry.

The union is opposed to the wage curbs which limit increases to Fl 26 (£5.80) a month and it has called on its negotiators to exploit loopholes in the wage legislation. But it is opposed to flouting the law outright.

Turkish air fares double

BY METIN MUNIR IN ANKARA

AIR FARES doubled in Turkey yesterday, following a 107 per cent pay settlement over two years for the staff of Turkish Airlines (THY) who have been on strike for 90 days.

The pay increase, expected to set the tone for 700,000 state-employed workers whose contracts come up for renewal this year, is below the present average in Turkish industry.

Turkish Airlines is expected to start flying again within a week. To counter rumours that it might be dangerous to fly in aircraft which have been idle for three months, Mr. Huseyin Ozalp, the Minister of Communications plans to travel on the first flight.

The inflation rate—as measured by the cost-of-living index — dropped sharply in Ankara and Istanbul in March, compared with the previous month.

UNREST IN INDIAN NORTH-EAST

Assamese learn the power of oil

BY K. K. SHARMA

AGITATORS IN Assam have learned from the Arab nations how powerful the oil weapon can be. For nearly eight months, no oil has flowed from this strategic north-east state, which produces a third of India's oil, about 3.5m tonnes a year. Assam's three refineries are idle. Pickets stand at their gates.

Determined student agitators are making sure no oil reaches the rest of India, where the Government has been forced to increase imports of costly petroleum products from 4m to 6m tonnes. But the shortages are also hurting the north-east itself, and the students have just allowed the refineries to re-open—"experimentally—although their products will be sold only locally.

The entire north-east region is in ferment. As in Assam, the agitation is over "foreigners"—mainly migrants from Bangladesh and West Bengal. Student leaders in Gauhati, the state capital, or those who are still at liberty (scores were arrested in last month's crackdown, while others have gone "underground"), cite figures which officials concede are broadly correct.

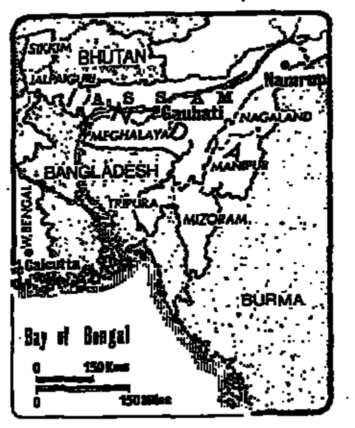
Electoral rolls and the census figures show nearly 135,000 illegal immigrants and 760,000 Hindu refugees from Bangladesh entered Assam in the 1950s, and 342,000 arrived in the 1960s. The agitation leaders estimate that anything between 2m and 3m Hindu and Moslem Bangladeshis entered Assam after the 1971 Bangladesh war. They want these identified and deported, on the grounds that the "foreigners" are affecting their culture and taking away their jobs.

The students claim their movement has been peaceful and that they have adopted Mahatma Gandhi's tactics of civil disobedience, although government officials deny the absence of violence.

After months of inaction, the Government and Mrs. Gandhi started talks with the students, but failed to agree on which "foreigners" should be deported. The students insist on removing the immigrants who have arrived since 1951, but the authorities do not want to set a date. They also point out that, because Bangladesh has sealed its borders, many settlers would be impossible to deport.

There is little doubt that last month's crackdown was ill-advised. The army's show of force and the use of the Preventive eDtention Act to cow the agitators proved unnecessarily provocative. If anything, more Assamese are joining in. If their demands are not agreed to by May 15, the students say they will intensify their action.

The unrest in Assam has not just damaged the national economy. A Gauhati official estimates Assam's lost industrial production at about Rupees 200m (£11.1m) a day. The three refineries—at Gauhati, Baurani and Digboi—are losing about Rupees 40m a day, and because Duliojan and Najira, the main



oil fields, have stopped production, another Rupees 42 a tonne in oil royalties is being lost. Lack of natural gas has affected the fertiliser plant and the power station at Namrup and, because of power cuts, Upper Assams ten gardens are suffering huge losses.

The spread of the movement is ominous. The north-east has always been the most difficult to integrate with the rest of India, the main access being a narrow strip north of Bangladesh. In April, West Bengal Youth Congress members showed how easy it is to cut this link when they organised a retaliations "blockade." The only other tenuous link is by air. Communications in the north-east itself are minimal, and the hilly terrain is ideal for insurgents.

Insurrection has been a perpetual threat for the past 30 years, although it has been quelled in Nagaland, where it began. But, in the border state of Mizoram, a sucessionist movement has barely been kept in check by the Army and police, while Maoist and Marxist militants are active in such states as Tripura and Manipur. Manipur is the latest trouble spot. Recent rioting there was also over the issue of "mangyas" (outsiders).

The central Government needs to keep the peace in the north-east for strategic reasons . . . the Chinese are just across the border, while the tribes in nearby Burma have never accepted the international boundary.

The north-eastern people and tribes are fiercely independent, and many have resisted attempts to bring them into the national mainstream. Now that Assam has shown it can wield the oil weapon, the central Government will have to re-assess its approach towards integrating a region which is far different ethnically, geographically and culturally from other parts of India.

New Qatar gas field discovered

By Kevin Done in Ludwigshafen

A GAS field discovered by a consortium of companies led by Wintershall of West Germany off the north-east coast of Qatar in the Gulf could be one of the world's largest gas finds.

JAccording to BASF, the West German chemicals group and parent company of Wintershall, the portion of the field located within the consortium's exploration area could contain as much as 1,00bn cu metres of natural gas.

Apart from Wintershall which has a 32.5 per cent share in the exploration consortium, the other members are Koch Inc. (35 per cent), Veba (12 per cent), Deutsche Schachtbau (10.5 per cent), and Gulfstream Resources (10 per cent). Four exploration wells have been completed and tested on the field.

Patrick Cockburn adds: Despite Wintershall's optimism that the North West Domes will be exploited by the late 1980s, the Qatar Government says it will not develop the gas fields until the price of gas has risen.

Sheikh Abdel Aziz al Thani, Finance and Petroleum Minister, said last month that "we will exploit our gas resources only when we face the need to decrease our crude oil production rates."

Confusion in Kampala as power struggle goes on

BY JOHN WORRALL IN NAIROBI

REBEL SOLDIERS loyal to Brig David Oyite Ojok, Uganda's Army Chief of Staff, said yesterday that they were in full control of Uganda, but an aide to President Godfrey Binaisa said he was "still freely exercising the powers of his office."

Troops backing Brig. Ojok were known to be in control of the Government radio station and Kampala's main post office for the second day, although few soldiers were seen on the streets. Many office workers stayed home and the capital remained quiet.

"The Military Commission of the National Consultative Council is in full control of the country," a soldier speaking for Brig. Ojak said in Kampada. The Commission was in continuous session and was deciding its actions by unanimous votes, he added.

On Saturday, Brig. Ojok, a close friend and supporter of Dr. Milton Obote, a former president of Uganda, was dismissed by President Binaisa. But he refused to accept his dismissal.

President Binaisa was at his official residence in Entebbe, 21 miles from Kampala. On Sunday he was reported under the protection of soldiers from Tanzania. Asked whether Mr. Binaisa continued to act as President, an aide, reached by

President Godfrey Binaisa "Still carrying out his duties"

telephone, replied: "Yes."

The Military Commission is also known to have taken over the State financial apparatus, but it is not certain whether or not the army has taken control of hte whole Government. The commission yesterday suspended foreign money transactions to avoid a flight of money from the country.

So far, no attempts have been made to take over the Government by force. The members of the Military Commission are Mr. Paulo Muwanga, Labour Minister; Lt.-Col. Tito Okello, army commander; Brig. Ojok, and Col. A. Maruru.

It is not at all clear in Kampala why President Binaisa sacked Brigadier Ojok. Speculation is that Binaisa had evidence that the Brigadier was bauot to launch a coup in favour of Dr. Obote, who is due to return from Dar-es-Salam this month, ostensibly to fight the end-of-the-year elections.

Obote supporters in Uganda have been angered by the dictum laid down by President Binaisa and the Government that the elections would be fought only under the aegis of the Coalition Ugande National Liberation Front, which organised the movement from Dar-es-Salam. Against Idi Amin, leading to his downfall 13 months ago.

Dr. Obote has threatened to conduct the lections under the banner of his former party, the Uganda People's Congress, which was proscribed by Amin after his takeover

From Dar-es-Salaam, Dr. Obote has denied any association with the actions of the military commission, but has said that President Binaisa should have consulted it before dismissing Brigadier Ojok.

There have been promises of a statement by the Government, but the question being asked in Kamapla is: "Which Government?

Khomeini may name Prime Minister soon

TEHRAN — President Abol Hassan Bani-Sadr of Iran yesterday held a two-hour meeting with Ayatollah Ruhollah Khomeini's son to discuss the appointment of a provisional Prime Minister.

The President told the newspaper Keyhan that the appointment, designed to stabilise the country's disjointed power structure and consolidate his own position, would probably be made soon.

He was expected to see the revolutionary leader after his talks with Hojatoleslam Ahmad Khomeini. Ayatollah Khomeini's son has been a central figure in the President's moves to select a Premier over the past week.

Diplomats noted that President Bani-Sadr's position had been continuously weakened by opposition from within the ruling Revolutionary Council, which has acted as Government and Parliament since the resignation of Dr. Mehdi Bazargan last November.

With the prospect of a parliament dominated by the hardline Islamic Republican Party (IRP), following the last round of elections last Friday, President Bani-Sadr was trying to set up a broad-based Government under a moderate premier, observers said.

President Bani-Sadr told Keyhan he would present a list of candidates for the Premiership to Ayatollah Khomeini, but he did not say what names were included.

Approaches are known to have been made to a number of politicians, including Adml. Ahmad Madani, the former naval commander, Hassan Habibi, the Revolutionary Council's spokesman, Mr. Sadeq Tabatabai, a former deputy premier, and Mr. Dariush Forouhar, a nationalist politician.

According to the Islamic constitution adopted last year. the Prime Minister and Cabinet must ultimately be approved by Parliament, due to meet for the first time earldy next month. But any Premier chosen now would automatically have the approval of Ayatollah Khomeini, which would be difficult for Parliament to disregard.

Reuter

Egypt Government likely to resign within hours

BY ROGER MATTHEWS IN CAIRO

THE Egyptian Government is expected formally to tender its resignation to President Anwar Sadat within the next few hours. to clear the way for a major reorganisation of the State machinery.

President Sadat is to make a key speech tomorrow, during which he will attempt to chart Egypt's future, following the signing of the peace treaty with Israel. On Thursday, he will meet Government leaders to decide Egypt's next move in the Palestinian autonomy talks, suspended at the weekend.

It appears that he intends his speech to mark another turning point in Egyptian history. To this end, he is likely to undertake a sweeping reform. of Government, switching perhaps to a system modelled on U.S. lines, while devolving greater power to provincial governors.

Mr. Hosni Mubarak, the Vice-President, seems certain to take a more prominent role in running day-to-day affairs. Some observers believe Mr. Sadat will abandon the present Prime Ministerial system and opt for a number of Secretaries of State who will report direct either to himself or the Vice-President.

This has raised doubts about the future of Dr. Mustapha Khalil as Prime Minister. Dr. Khalil may be offered a new portfolio, but it is more widely felt that he will leave the Government.

Mr. Sadat is also likely to appoint a new Foreign Minister, the post Dr. Khalil at present combines with the Premiership. The most likely candidate is Gen. Kamal Hassan Ali, the present Defence Minister, who would in turn be replaced by Lt.-Gen. Ahmed Badawi.

The President's disappointment at the lack of impact made by the dominant National Democratic Party, which he heads, is also certain to be reflected in the changes.

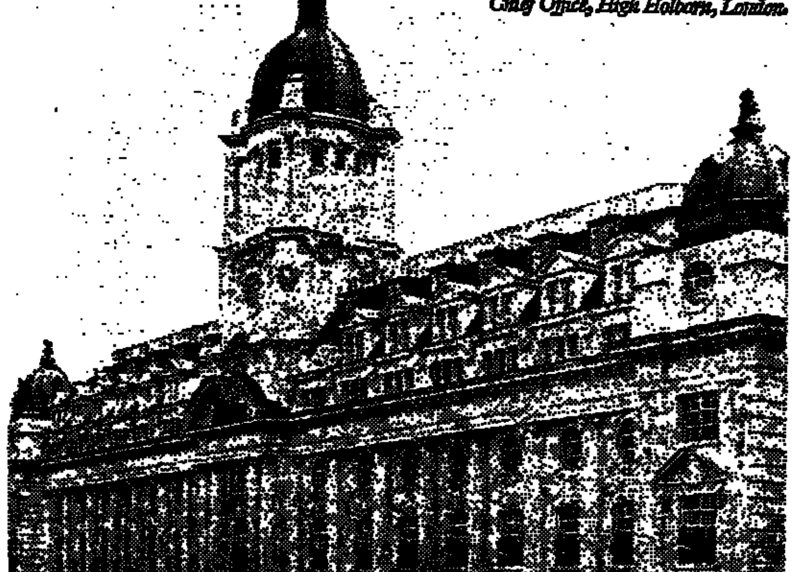
The twin themes of Mr. Sadat's speech, and the Government changes, are intended to set the framework for the new prosperity he has promised the country. Inevitably, there is speculation that the changes will be more cosmetic than real and that they have been forced on the President by growing public discontent over sharply rising prices and the widening gap between the wealthy few and the masses.

PEARL ASSURANCE COMPANY LIMITED

"The Pearl actively promotes savings among those who would otherwise be unlikely to save."

Statement by the Chairman, Mr. F. L. Garner

Chief Office, High Holborn, London.



During the last six months the number of directors has fallen to nine as a result of the retirements of our President Mr. S. C. McIntyre at the end of February 1980, and of our two Deputy Chairmen, Mr. T. J. Leech on 31st October 1979 and Mr. A. C. Edwards on 31st January last. Each of these gentlemen devoted his whole business career to the Company. Each of them served the Company in a succession of posts of increasing importance and each of them on retiring from full time occupation gave the Company three years of most valuable service as a non-executive director. I take this opportunity of expressing publicly the Pearl's gratitude to these colleagues who contributed so much to the well-being of our business over many years.

The Board elected two of its non-executive members, Mr. E. T. Blythe and Mr. T. W. Lewis, to be Deputy Chairmen. We are fortunate that they were available, and willing to accept appointment.

Under the Articles the number of directors may range from seven to twelve. We do not believe it necessary to maintain the number at any particular level but we do consider that a reasonable balance between executive and non-executive directors is desirable.

Directors' Fees

At the Annual General Meeting a proposal will be put to stockholders designed to increase the fees payable to non-executive directors. Executive directors of the Company receive salaries related to their executive offices. All directors receive fees in respect of their purely directorial duties. The level of the latter is, as it should be, under the control of stockholders and these fees, per annum, are at present £3,000 for the Chairman, £2,500 for Deputy Chairmen and £2,000 for other directors. These figures have remained unaltered since 1958 and are now quite out of date and out of line with levels ruling today. Stockholders are therefore asked to permit the payment of fees within the minima and maxima set out in the Notice of Meeting. However, present intentions are that increases in fees so permitted would be granted only to non-executive directors, including Deputy Chairmen. No increase over the existing fees would be granted to executive directors, including the Chairman. Given the present structure of the Board, the overall cost of increased fees granted would be £9,000 per annum.

The Results of Subsidiary Companies

Our subsidiary companies are divided in the report into those for which accounts are incorporated in our group profit and loss account and group balance sheet, and those which are not so consolidated for the reasons given in the accompanying notes.

Since two of the subsidiary insurance companies transacting non-life business are largely investments of the long-term fund and only indirectly and to a small extent affect the profits attributed to stockholders, we consider that the production of aggregated revenue accounts for each class of business transacted by the group would serve no useful purpose and could indeed be misleading. Nevertheless we feel it is desirable to provide more details than hitherto in respect of the activities of our insurance subsidiaries, particularly for Pearl Assurance (Unit Funds), through which a substantial amount of asset-linked business is now being sold in the United Kingdom, and accordingly have introduced some additional supplementary information in the report.

LONG-TERM BUSINESS

New Life Business

In the industrial branch, new annual premiums increased from £16.9 million to £24.4 million (44 per cent) and sums assured from £235 million to £308 million (31 per cent). This very satisfactory increase has been affected by two sets of special circumstances. As was pointed out in last year's report, 1978 included only 50 weeks of written new business because of the change in our policy-dating system. In 1979 this change in system, which means that policies are dated every fourth Monday, has resulted in the inclusion of 52 weeks of written new business. Secondly, the introduction of the new system of granting life assurance premium relief has resulted in our writing policies for a considerably greater average premium than hitherto. It appears that a majority of industrial branch policyholders, when taking out a new policy, consider the amount that they will be paying in cash rather than the net amount payable after taking tax relief into consideration.

In the ordinary branch, our marketing strategy and the use of television advertising have meant that the primary efforts of our field staff are directed towards canvassing a different type of policy in each year. In 1978 the vehicle of our sales effort was our new self-employed annuity contract and we obtained satisfactory results. In 1979 the vehicle was the unit-linked contracts issued by our subsidiary, Pearl Assurance (Unit Funds). These policies are canvassed by our normal field staff, supported by specialist salesmen, and additional effort in one direction must therefore imply some reduction of effort in another. The issue of a larger number of policies by Pearl Assurance (Unit Funds) has therefore, to some extent, been matched by a reduction in policies issued by the Pearl. Taking the two together, our new annual premiums were up from £14.4 million to £16.0 million (11 per cent) and annuity considerations and single premiums were up from £12.4 million to £20.4 million (65 per cent). It will be seen therefore that the main growth was in single premiums rather than the annual premiums. This was a deliberate part of our strategy, as explained below.

In the Pearl ordinary branch, new annual premiums fell from £13.3 million to £12.3 million. Sums assured increased from £409 million to £519 million but new annuities per annum fell from £40.4 million to £21.2 million. This shows that the change from 1978 to 1979 resulted from the switch in our advertising emphasis from annuity business to unit-linked business, whereas the amount of traditional life assurance continues to increase steadily.

Life Business in Force

The total life business in force in the Pearl at 31st December 1979 comprised sums assured and bonuses of £4,276 million, £1,807 million in the industrial branch and £2,469 million in the ordinary branch, compared with £3,594 million a year earlier. Annuities and bonuses amounted to £95 million per annum compared with £78 million. Combined premium income (including annuity considerations) was £180 million, over £110 million in the industrial branch and nearly £70 million in the ordinary branch, compared with £145 million, an increase of 24 per cent. Total payments to policyholders in the form of claims, surrenders and annuity payments amounted to £99 million compared with £88 million in 1978. Surrender payments increased to £19.2 million from £15.9 million. Although we are always sorry to see our policyholders surrender their policies, thereby not obtaining the fullest value from their savings, this was not a serious increase bearing in mind that surrender values were improved in the second half of 1978.

In the industrial branch, the expense ratio has decreased from 41.34 per cent to 39.24 per cent. The introduction of the new system of life assurance premium relief has meant an increase in the premium income of some 15 per cent in this year and the outside observer might therefore have expected a rather larger fall in the expense ratio than this. There have been three special causes which have gone some way to neutralise the expected reduction. The first was the actual cost of introducing the new system of premium relief. The second was the cost of the improvements in the Staff Superannuation Fund mentioned later. The third was the large amount of new business obtained. The expense ratio in any year is a combination of a high rate of expenses on first year premiums combined with a lower rate of expenses on subsequent premiums. The particularly buoyant new business has therefore entailed correspondingly higher expenses and this shows up in the overall expense ratio without affecting the profitability of the business or the return to the policyholder. The introduction of the new system of premium relief has been of little benefit in this respect since we are paying appropriately higher commissions to our staff on the higher premium income received.

In the ordinary branch, the expense ratio fell slightly from 32.93 per cent to 32.71 per cent, although this branch was also affected by the increased contribution to the Staff Superannuation Fund. The main factor offsetting this was the decreased amount of new business written by Pearl during the year. The costs appropriate to the high new business written by Pearl Assurance (Unit Funds) are, of course, attributed to that company through the operation of agreements under which Pearl services this business on behalf of the subsidiary.

Unit-linked Subsidiaries

As a result of the introduction of a specialised sales force in 1977 and 1978 and the advertising campaign mentioned above, our unit-linked assurance subsidiary, Pearl Assurance (Unit Funds), has become a more significant part of our business. The abridged account in the report shows that the life assurance fund has grown from £8.7 million at the beginning of the year to £24.1 million at the end. If the offices issuing linked policies are measured by the amount of policyholders' linked funds, we are now among the 20 largest linked life assurance companies in the country although, of course, a long way behind the biggest in this business.

New annual premiums in 1979 increased to £3.7 million, net of reassurance, from £1.1 million in 1978 and single premiums to £14.3 million from £5.5 million. Although we expect the 1980 new business to be lower than that for 1979, because our main advertising impact will be elsewhere, we believe that this new type of business has established itself in the minds of our field staff and that we will continue to attract a substantial flow of new business. In any case, our annual premium income is now sufficient to guarantee a steady growth in the fund.

Since the active expansion of the business, this subsidiary has made a loss, which has been met by the subscription of additional capital including £350,000 in 1979. This loss is a technical one, arising from the fact that expenses so far have exceeded investment income, resulting in deferment of tax relief on the excess of expenses. At the end of 1979 this unrelieved excess amounted to nearly £2 million. We shall be able to utilise the deferred tax relief on this excess as and when investment income matches expenses but this potential recovery cannot be shown as an asset. As a result of our policy of encouraging single premiums to maximise investment income, the break-even point will be reached, we believe, in 1980 and from that time onwards the company will be showing a profit. This profit must first be used to make good the temporary deficits which have been financed out of the capital but we hope that it will be possible to start paying dividends to the parent company in 1982 or 1983. It would have been possible to avoid this technical loss by limiting the growth of the company but we believe that stockholders will benefit more in the long run from the receipt of larger profits on a bigger fund, even though these will be deferred.

It is I think appropriate to mention here that Pearl Assurance (Unit Funds) invests in the equity markets through the medium of unit trusts managed by our subsidiary, Pearl Trust Managers, and receives an appropriate discount, which is passed on to policyholders.

In March of the present year, we received the authorisation of the Department of Trade for a new subsidiary, Pearl Assurance (Unit Linked Pensions), to commence writing business. This subsidiary will specialise in the issue of deferred annuity policies for the self-employed through the medium of unit-linked policies. It is still too early to report on its progress but we are confident that there is a demand for this type of policy and that it will be a useful addition to the range offered by our group. This company is, like Pearl Assurance (Unit Funds), an investment of the stockholders' fund and capital of £680,000 has been subscribed. Although more than is necessary as working capital, this figure was a requirement of the Department of Trade, to comply with forthcoming European Economic Community regulations. Because of the different tax status of this business, Pearl Assurance (Unit Linked Pensions) will not suffer the technical loss, caused by the deferment of tax relief, that was experienced by Pearl Assurance (Unit Funds) and should therefore be making a contribution to profits almost immediately, both through the policies issued and from income on the shareholders' capital.

Life Valuations and Bonuses

The valuation of the ordinary branch business has been made on the same bases as for 1978, except for a minor change affecting policies issued in Sri Lanka. The surplus for the year was £39.6 million, an increase of 28 per cent on the previous year. This increase in surplus is partly due to the growth of business in force but more to the greatly increased yield on the fund. We are able to make substantial improvements in the reversionary bonuses on United Kingdom policies. These have been increased by 30p to £4.50 per £100 sum assured or annuity (35p to £5.30 for pensions business) for policies in force for less than five years and by 95p to £5.80 (£1.20 to £7.00 for pensions business) for those in force for five years or over. There is a greater increase in bonus for policies that have been longer in force because these are the policies that earn substantial interest and are therefore contributing most to the surplus. The supplementary bonus on certain self-employed deferred annuities has been increased from 15 per cent of the annuity and reversionary bonuses to 25 per cent. The terminal bonus, which is related to unrealised capital profit on equity-type investments, has been increased from 1.20 per cent (1.60 per cent for pensions business) of the sum assured (or annuity) and bonus for each year that the policy has bonuses attaching, excluding the first three years, to 1.30 per cent (1.80 per cent for pensions business) subject to a maximum of 27.30 per cent (37.80 per cent for pensions business). Hitherto, the maximum number of years qualifying for this terminal bonus has been 20. This has been increased to 21 and it is our present intention to increase the number of years qualifying year by year in future.

The bonuses declared for the overseas territories are similar to those declared for 1978.

The valuation basis of the industrial branch business has been strengthened in such a way as to make adequate provision for the higher deferred bonuses mentioned below. The surplus for the year was £31.4 million, an increase of 20 per cent on the previous year. This results primarily from the increased yield on the fund, partly offset by the heavier expenses some of which were exceptional and will not be repeated. In addition, the first ten-year endowment assurances, issued in 1970, will mature this year. Additional unrealised capital profit on investments has therefore been released in order to provide for terminal bonus on the larger number of maturities. Increased reversionary bonuses have been declared for all eligible policies and terminal bonuses have been revised so as to provide bonuses roughly equivalent to those granted in the ordinary branch.

Capital Redemption Fund

As stated last year, the surrender of a substantial group of policies resulted in an exceptional profit in 1978. The lower profit for 1979 reflects the fact that there have been no abnormal features this year.

Overseas Life Business

The transfer of the Kenya currency portion of our East Africa portfolio is shown in this year's accounts as mentioned in the 1978 report. Zimbabwe is now the only overseas country in which we are actively writing life business and we are glad to welcome the new and legitimate Government. It is too early to assess whether Zimbabwe's independence under this new Government will improve or diminish our prospects for writing profitable business. Our life business there, however, represents less than 1 per cent of our total ordinary branch business and the effect, either way, on the Company's overall profits cannot be significant.

SHORT-TERM BUSINESS

Results

Premium income (excluding income from subsidiary companies and from marine, aviation and transport business) amounted to £43.3 million, an increase of £5.5 million (14 per cent) over 1978. There was an underwriting loss of £3.7 million compared with the 1978 loss of £3.2 million, the comparative revenue account losses being:

	1979 £mn	1978 £mn
Property	2.2	1.7
Motor	1.0	0.4
Others	0.6	0.5
Reinsurance treaties	0.1 (profit)	0.6
	3.7	3.2

Gross investment income amounted to £5.2 million, giving a trading surplus of £1,452,000 against £786,000 in 1978.

United Kingdom

Ninety-three per cent of our business was written in the United Kingdom. The overall rate of premium growth increased from 15 per cent in 1978 to 19 per cent with a continuing shift towards the property account, in which the rate of growth was higher mainly because of increases in premium rates and insured values.

There was an increase in the underwriting loss from £2,690,000 in 1978 to £3,959,000. The main causes of the deterioration were the particularly severe weather conditions in the early months of the year, the floods in December, rising inflation and the general increase in fire wastage during the year. The impact on our business of the severe weather conditions can be seen from a breakdown of the year's underwriting loss of £3,959,000:

First quarter	£2,685,000 loss
Second quarter	£ 271,000 loss
Third quarter	£ 161,000 profit
Fourth quarter	£1,164,000 loss

Household business – from which we derive a large portion of our income – continues to be a difficult problem for the market. Apart from its vulnerability to adverse weather conditions (which have been more frequent in recent years), it is costly to administer and difficult to balance in conditions of inflation because of the differing impact this has on the income and outgo of the account. We have had to introduce some increases in rates and changes in policy covers to absorb the rising frequency of claims but the main thrust of our remedial action has been directed at removing the distortions created by under-insurance. This action will continue to be taken and it is being reinforced this year by a special "home-service" door-to-door campaign to persuade policyholders of the vital need to adjust their sums insured if the base to which annual increases are applied is inadequate.

Overseas

Our overseas branches and agencies contributed 4 per cent of our premium income and 23 per cent of our trading surplus. As mentioned in my last report, our branch business in Zimbabwe was transferred to "Pearl General Insurance Co (Private) Ltd", a wholly-owned subsidiary company, as from 1st January 1979.

Reinsurance Treaties

This account produced a small underwriting profit and a trading surplus of £0.6 million. We have recently opened an underwriting office in the City to accelerate the development of the business.

Marine, Aviation and Transport

Premium income amounted to £3,782,000. Trading conditions in the marine and aviation markets continue to be very difficult as claims grow faster than premiums which are kept unrealistically low by intense competition. The 1977 account was closed with an underwriting loss and the new 1979 account suffered heavily from hull losses. It has therefore been necessary to transfer £450,000 from the profit and loss account to maintain the fund at an adequate level.

Subsidiary Companies

The combined premium income of our subsidiary companies in Brazil, Portugal, Zimbabwe and the U.S.A. amounted to the equivalent of £13.4 million.

The U.S. subsidiary showed a net trading loss in its local accounts, resulting from the strengthening of the reserves to cover the run-off of some pools and associations business cancelled in previous years. In Zimbabwe, the "Pearl General" had a small underwriting profit in its first year of operations. In Brazil, the "Monarca" showed a reasonable trading profit and, in Portugal, our subsidiary company is likely to show a small trading profit.

New York Insurance Exchange

We joined with seven other European and American insurance/reinsurance companies to form an underwriting syndicate in the recently formed New York Insurance Exchange. The syndicate, known as the "First New York Syndicate Corporation" started writing business when the Exchange opened at the end of March this year.

INVESTMENTS

Separate balance sheets are shown for the long-term, short-term and stockholders' funds and the supplementary statement given in the report shows the comparative market values and balance sheet values of each fund together with the gross income earned. The figures in these comments relate to the Company as a whole, the long-term fund being the dominant factor.

Total gross investment income at £128 million showed an increase of £23 million over the previous year. Of this increase, £12.6 million was attributable to equity investment including real property.

During 1979 the gilt-edged portfolio was increased by £85 million against £59 million in the previous year. Gross advances under house purchase mortgages totalled £16 million with net lending amounting to £8 million.

Net equity investment, mainly in United Kingdom shares, was almost £26 million compared with £23 million in 1978. £13.8 million was added to the United Kingdom property portfolio, while our Australian properties were sold for £7.4 million. At the end of the year forward property commitments stood at over £19 million.

Over the past three years, £189.7 million has been invested in gilt-edged stocks, £82.6 million in equities and £16 million in property.

The gross yields on the life funds were 11.74 per cent (1978 – 10.70) in the ordinary branch and 11.79 per cent (1978 – 10.75) in the industrial branch.

Over the years a high proportion of long-term investment has been maintained in equities and property, with the aim of obtaining some protection against inflation and a long-run real return. Such emphasis is expected to continue but for precautionary reasons it is necessary that a significant part of our funds should be in gilt-edged securities. This requirement has been reflected in the substantial purchases of Government bonds effected during the course of last year. However, we should not be deceived by the apparently high interest rates obtainable. Commentators on these matters, who almost invariably concentrate upon the situation of the borrower and his desire to borrow more cheaply, would do well to consider also that of the other essential participant, the lender. Should inflation continue at present rates, he will be getting a negative true return on his lending. In many cases he is, in addition, required to pay tax upon unreal earnings.

In 1979 dividend income from United Kingdom companies was particularly buoyant and included an important element of adjustment to dividend freedom. The prospect of a recession and of a widespread squeeze on profits brought about by sharply rising domestic costs, coupled with a high exchange rate for Sterling, make it likely that for a time any further progress will be much more modest. We hope that before long the widespread adoption of the recently introduced accounting standard dealing with inflation accounting will bring some much needed realism into financial statements. Whilst the prime and urgent need is to provide real measuring rods for the management of the economy as a whole and for individual enterprises, those responsible for portfolio investment will also welcome the improved ability to judge true success.

PROFIT AND LOSS ACCOUNT

The transfers from the long-term funds amount to £6,972,000 as against £5,686,000, an increase of 22.6 per cent. This reflects the comparatively large increase in the yield on the funds. The transfer from the general branch account has been increased to £1,452,000 from £786,000 but this is partly counterbalanced by the transfer out to the marine, aviation and transport account which has increased from £200,000 to £450,000.

Investment income on stockholders' funds was £1,826,000. After allowing for other income, expenses and taxation, the net profit for the year was £8,458,000. After the transfer of £1,000,000 to the general branch reserve fund and the proposed increase in the total dividends for the year, the carry-forward has been increased to £6,398,000.

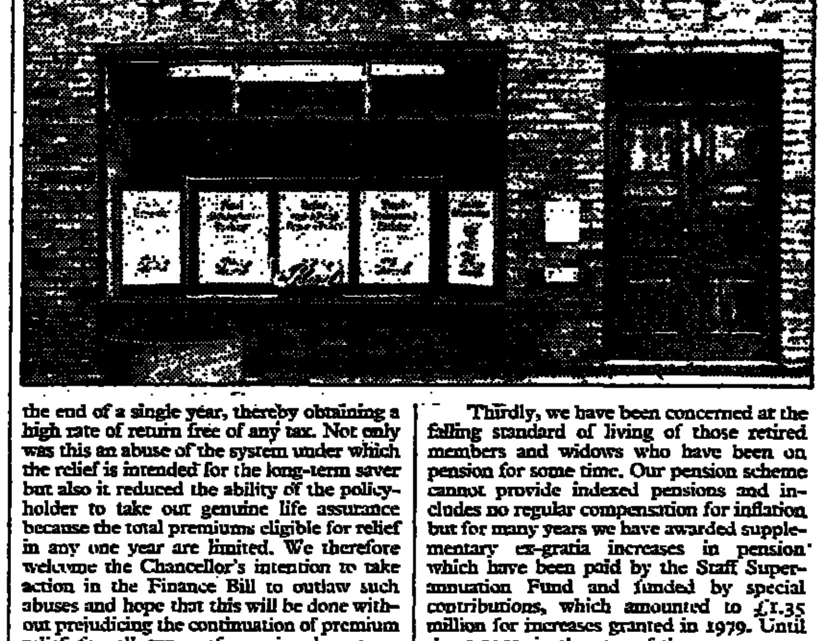
LIFE ASSURANCE PREMIUM RELIEF

As I said last year, the new system under which life assurance premium relief is deducted from premiums at the time they are paid, instead of the relief being given to policyholders through adjustment of their tax coding, was introduced in April 1979. As a result, a great deal of additional work was undertaken and this is reflected in the increased expenses shown in the industrial branch revenue account. However, events have proved that the new system, which has now been operating successfully for over a year, is viable. Within the industrial branch, we have a recording and accounting system which is extremely efficient for day-to-day work but which can only be adapted with difficulty to unforeseeable changes. The introduction of this new system of premium relief has meant a great deal of additional work which could only be performed by experienced staff and has therefore had to be spread over a period. This has meant that other work fell into arrears and it has taken us nearly a year to catch up.

In setting up our new system we have made provision for the fact that the current rate of premium relief would be revised by the Government from time to time. The reduction of the rate to 15 per cent in April 1981, provided for in this year's Finance Bill, must involve further work but we do not anticipate the same degree of expense and inconvenience that we suffered in setting up the system originally.

There have recently been suggestions that life assurance premium relief should be abolished in the interest of fiscal neutrality. Advocates of this argument were given extra ammunition by the conduct of some of the smaller and less well-established offices. These issued policies under which the policyholder was able to pay a premium net of premium relief and then receive back the full premium by way of a surrender value at the end of a single year, thereby obtaining a high rate of return free of any tax. Not only was this an abuse of the system under which the relief is intended for the long-term saver but also it reduced the ability of the policyholder to take out genuine life assurance because the total premiums eligible for relief in any one year are limited. We therefore welcome the Chancellor's intention to take action in the Finance Bill to outlaw such abuses and hope that this will be done without prejudicing the continuation of premium relief for all types of genuine long-term policies. The Financial Secretary to the Treasury has stated that it would be unthinkable to take away premium relief from existing policies. We are very glad to have received such an assurance. The relief has been present for over a century and policyholders have entered into long-term contracts in the justifiable belief that it would continue. We think that it would also be very damaging to remove the incentive to long-term saving on new policies. Assurance companies, particularly industrial assurance companies such as the Pearl, actively promote savings among those members of the population who would otherwise be unlikely to save. Savings, and therefore investment for the future, would certainly fall if premium relief were removed or reduced to a disproportionate extent.

Over 440 District Offices throughout the United Kingdom.



INSURANCE REGULATIONS

The regulations prescribing a cooling-off period, which I mentioned last year, came into effect on 1st January 1980. It has always been possible for the proposer of a policy to return it at the time that it is delivered and to reclaim any deposit that he may have paid (possibly less a contribution if medical expenses had been incurred). Some such proposers would now use the form prescribed by the regulations in doing so. It is therefore difficult to say exactly what effect the new procedure may have had. To date, the total number of policies not taken up by the proposer when delivered is, if anything, slightly less than it was a year earlier. I doubt, therefore, whether the trouble and expense of introducing this new system has been of any material assistance to any proposer for a Pearl policy, but I think that it has improved the image of life assurance as a whole.

We also received early this year the new accounts and forms regulations, prescribing the returns that will have to be made to the Department of Trade from the beginning of 1981. It is obviously necessary for the Department of Trade to exercise adequate supervision over insurance companies and the new accounts and forms are intended to make the task easier. Once again, however, we shall have to divert scarce resources to the revision of our records so that we can provide the information in the form required.

Later this year we have been promised a new Insurance Companies Act which will amend UK law in order to comply with the Life Directive of the European Economic Community. No doubt this will bring further regulations in its train.

COMPANY ORGANISATION

We have over the last few years carried out extensive and thorough investigations of various aspects of the Company's organisation and procedures. These have looked at our divisional and district organisation, the system by which the pay of our field staff is calculated and our accounting systems. We have now decided in principle upon the changes which we wish to make and have set up a planning team to look into the finer details. The proposals have been put forward to the trade union representing our staff and we have started discussions with them. We hope that over the next two or three years we will successfully implement very major changes which will enable your Company to go forward confidently into the future. One objective is to reduce expenses, which we hope to achieve through reductions in supervisory staff and the cost of accommodation, not through the reduction in pay for any individual. An even more important objective is to facilitate the expansion of our business in all branches. This we hope to achieve by properly rewarding those who produce sound business which will remain in force and by reducing the time spent on accounting and administration, thereby allowing our staff more time to obtain the additional premium income on which the long-term prosperity of the Company depends.

IMPROVEMENTS IN PENSIONS

During the last year we have taken three steps to improve staff pensions. In the first place, we have begun to pay ex-gratia pensions to certain widows of former Pearl employees, whose husbands died before the introduction of our widows' pension benefit in 1970. Some, especially those whose husbands died in service and who therefore received a death-in-service grant, received no company pension although others benefited from their husbands having exercised the option to convert part of their own pension for the benefit of their widows.

Secondly, we have felt it desirable to make an improvement in the conditions of our pension scheme to bring it more into line with modern practice. We have therefore improved the definition of pensionable earnings, so that the pensions of members are less affected by inflation before retirement. The cost of future service benefits will be met through increased future contributions. The cost of improving the past service benefits, together with a parallel improvement which has been given to existing pensioners, has been partly met from the surplus in the fund but has entailed an exceptional contribution of nearly £2 million in 1979 in addition to the normal contribution of £6.2 million.

Thirdly, we have been concerned at the falling standard of living of those retired members and widows who have been on pension for some time. Our pension scheme cannot provide indexed pensions and includes no regular compensation for inflation but for many years we have awarded supplementary ex-gratia increases in pension which have been paid by the Staff Superannuation Fund and funded by special contributions, which amounted to £1.35 million for increases granted in 1979. Until about 1973, in the case of the average pension, these increases managed to compensate approximately for the increase in prices, when considered in conjunction with the National Insurance pension. Unfortunately, rapid inflation affects adversely both the retired members of the Company and its current operations. During the last two years, the Company's premium income has made more rapid progress and we have felt it necessary as a priority to make major improvements in the pensions of members who have been retired for some years and whose pensions have been very badly eroded over the last 6 or 7 years. This has entailed a special contribution to the Staff Superannuation Fund of about £4 million, the bulk of which will fall upon the life funds. The cost will be reflected in the 1980 accounts. Although we hope to continue to make payments in future to help our older pensioners in a similar way, we should be unable to afford them if inflation continued at the present rate. The attainment of our objective will therefore be frustrated unless the present very high rates of inflation are brought under control.

The total cost of these increases has been substantial but the transfers we have made and intend to make in 1980 into the Staff Superannuation Fund will ensure that this fund continues to be fully able to meet its obligations to present and future pensioners.

TRIBUTE TO THE STAFF

The opening of 1979 produced exceptional difficulties for the majority of our staff because of the introduction of the new system of life assurance premium relief. As mentioned above, this acutely concerned certain departments at Chief Office, and the resulting additional work affected them for the remainder of the year. This factor was accentuated by staff turnover, which was higher than expected and therefore left many departments short-staffed during the peak period. Among our field staff, the additional work on life assurance premium relief might well have interfered with the normal expansion of the business. Fortunately, this was not so and our staff seized the available opportunities for expansion.

On your behalf, I would like to express appreciation to them all for another excellent year's work.

The Annual General Meeting of the Company will be held on June 4th at 12 noon at the Registered Office, High Holborn, London WC1V 7EB.

EXTRACTS FROM 1979 ACCOUNTS

	1979	(1978)
* New Life Premiums per annum	£36.6m	(£30.2m)
* New Life Sums Assured	£827m	(£644m)
* Life Premium Income	£180m	(£146m)
* Life Surplus allocated to policyholders	£63.1m	(£50.2m)
* Assets of Long Term business		
—Balance sheet value	£1,162m	(£1,029m)
—Market value	£1,582m	(£1,480m)
* General Branch premium income	£43.2m	(£37.8m)
* General Branch underwriting result	£3.7m loss	(£3.2m loss)
* General Branch trading result	£1.4m profit	(£0.8m profit)
* Assets of Short Term business and Stockholders' funds		
—Balance sheet value	£78.2m	(£68.1m)
—Market value	£96.0m	(£88.4m)
* Profit and loss account income (net transfers plus investment income less taxation)	£8.4m	(£6.5m)

* Total assets of the Group increased by £156 million to £1,288m

Pearl's Computer and Accounts Centre at Peterborough.

AMERICAN NEWS

Oil import fee likely this week

By Our Washington Correspondent

PRESIDENT Jimmy Carter's proposed $4.62 (£2.04) per barrel fee on imported oil is likely to take effect this week, despite last minute challenges to the President's constitutional right to impose such a duty.

Several Congressmen, along with some industry groups, are asking for injunctions against the presidential action in the U.S. District Court here, before the fee goes into effect on May 15. The Carter Administration is strongly defending the fee.

Mr. Carter announced the fee as part of his March 14 economic package, and said it would be levied in the form of an extra 10 cent tax on a gallon of petrol. Because there is at present a surplus of petrol stocks i n the country, officials do not expect prices to rise by the full 10 cents at once.

The executive authority under which Mr. Carter claimed the right to impose the fee is not permanent, and he has thus proposed that Congress next year translate the fee into a Congressionally-approved excise tax on petrol of the same amount. There is little support for this, however, with energy costs already fuelling the uncomfortable U.S. inflation rate.

William Chislett in Mexico City assesses the ambitions of the three-year 'Global Plan' for development.

Mexico decides how to divide the oil revenue

PLANNING FEVER is gripping the Mexican Government as it struggles to decide how best to use its mounting oil revenue, estimated at $11bn this year, compared with $3.8bn in 1979.

Since President Jose Lopez Portillo took office almost three and a half years ago, there have been eight national plans for different sectors of the economy, like industry and tourism. Four more are being prepared.

Plans have also been published to co-ordinate the activities of the different sectors, and each of the 31 states has issued plans—a total of 558 volumes. Now comes the 1980-82 "Global Plan," the long-delayed (and third) master blueprint. The other two were dropped before they saw the light of day.

No wonder this Administration has earned the nickname of the "planning government," depicted in the news magazine Razones by a cartoon showing a bald, exhausted bureaucrat bent over a sewing machine, trying to patch the multitude of plans together.

It would have been logical to draw up the Global Plan first, establishing guidelines for the plans of other sectors. But logic has never been the Mexican bureaucracy's strong point.

The Global Plan has been plagued with problems. It was entrusted to the specially created Planning and Budgeting Ministry, formed in 1977, to create a sense of order in the anarchic planning system.

Two ministers have been dismissed in the past three years and their plans ditched along with them. In Mexico it is the custom for new ministers to bring in their own teams and start again. Other ministries have not had such high casualties. Their plans came out quicker.

That Sr. Miguel de la Madrid, the third Planning Minister and an able technocrat, has managed to get the plan out at all has not gone unnoticed. Politicians are now mentioning his name more frequently as a possible presidential candidate.

However, apart from the dismissal of two planning ministers, there have been two other obstacles in the way of the Global Plan.

First, the Government wanted to complete the three-year stabilisation programme it agreed with the International Monetary Fund after the 45 per cent devaluation of the peso in 1976, before embarking on expansionary policies.

Mexico agreed to cut public spending and moderate growth and wages, in return for $850m post-devaluation credit.

Second, the Government felt, in the words of one of the President's main economic advisers, that: "We had to convince the world that we really had oil."

At the beginning of Sr. Jose Lopez Portillo's six-year term, Mexico was producing 800,000 barrels a day (b/d). It is now producing 2.1m b/d. and the constant stream of foreign dignitaries through the offices of Pemex, the state oil monopoly, is proof that the world has woken up.

The agreement with the Fund ended in December, 1979, and the economy is more firmly on its feet.

The unprecedented number of plans produced by this Government underlines Mexico's changed circumstances. "We could not plan over the long term as much in the past," said the adviser, "because we did not have a great deal of money to plan with. Now we have the oil and can start to divide up the cake better."

The plan's fundamental purpose—once the pages of rhetoric about following the spirit of the 1910 Mexican revolution are skipped—is to reorientate publice sector investment towards long-neglected areas: agriculture, education, health, housing and transport.

Apart from transport, these are the main sectors where the revolution aimed to end injustice. The injustice is however, just as glaring today as then.

The gap between rich and poor, between town and countryside has widened considerably and to a dangerous degree in the drive for industrialisation.

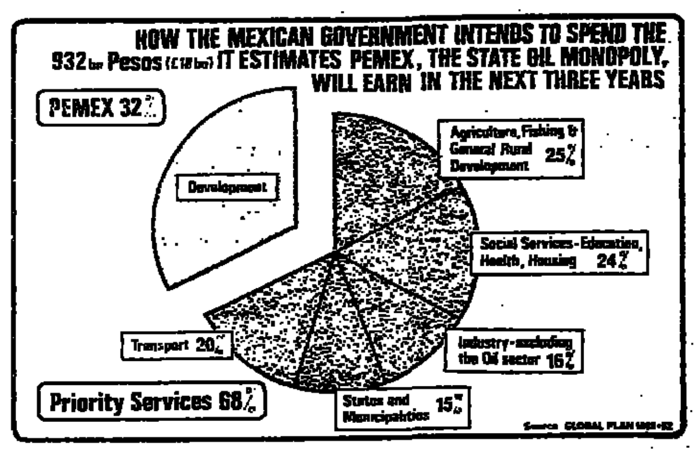
To adjust the balance, 60 per cent of Pemex's estimated total gross earnings for the next three years — pesos 931.6bn (£18bn), on 22 per cent of total public revenue—is destined for those "priority" sectors.

Pemex itself will receive only 32 per cent of its current earnings for the development programme, instead of being allowed to ploug back into exploration and development, as in previous years.

The depressed agriculture sector will receive the most attention. Mexico's population increase isoutstripping agriculture production, which fell in volume by 9 per cent last year from 1978. This year's cereals imports will amount to 7m tonnes, compared with 3.7m tonnes in 1979.

The Global Plan recognises the food crisis is worsening, and that an all-out effort must be made to grow much more food. A major part of the plan—called the "Mexican Food System"—says that 19m Mexicans out of a population of 70m are severely undernourished. More credit, at cheaper rates, will be made available to farmers, and guaranteed prices will be incresed to encourage higher production. Government food subsidies this year are estimated at pesos 85bn (£1.65bn), £392m more than in 1979.

The Government also wants to remove some of the bottlenecks in the ports, railways and roads which are holding back production.



A multi-million dollar project is planned to electrify 200 miles of track from Mexico City north to Irapuato, oneo f the busiest routes. Two major ports on the Gulf coast and two on the Pacific coast are also envisaged.

Among non-oil industries increasing steel output is probably the main task. Sidermex, the state steel company, estimates it will have to increase production from 4.8m tonnes to 18.5m tonnes by 1990, at a cost of at least $17bn

Now that Pemex's initial stage of heavy investment is over, and the Government has decided not to turn up the oil valves at the same speed as it has done in the past three years, Mexico can begin to harvest the fruits of its labour.

Holding oil production at 2.5 b/d, with a 10 per cent flexibility to meet rising domestic demand or increase exports a little over the 1.1m b/d target, will enable Mexico, says the plan, to maintain average economic growth of 8 per cent in real terms.

Such expansion, the plan argues, will lead to 2m new jobs by the end of 1982.

There is every reason to believe that gross domestic product will show such sustained growth, but less basis, observers believe, for expecting this growth to create 666,666 new jobs a year, as the plan foreshadows.

Cuba asks for talks on Bahama attack

By Nicki Kelly in Nassau

CUBA has asked or a meeting with Bahamian officials following the sinking of a Bahamian naval vessel in the southern Bahamas by Cuban jet fighters on Saturday.

The attack, in which four marines were killed and three others injured, was con- Government as "an atrocious act of aggression." A strongly- demned by the Bahamian worded protest Note has been sent to the Cuban Government and a copy circulated to members of the United Nations Security Council.

The Bahamas, the note said, was "particularly appalled by the inhumane act" of firing on the defenceless survivors as they struggled in the water.

The attack began at 6.45 p.m. on Saturday while the 103-ft patrol boat Flamingo was towing two Cuban fishing boats arrested shortly before for fishing in Bahamian waters.

An apologetic statement in Havana yesterday said Cuba has mistaken the Bahamian vessel for a pirate ship attacking its two fishing boats and kidnapping its citizens.

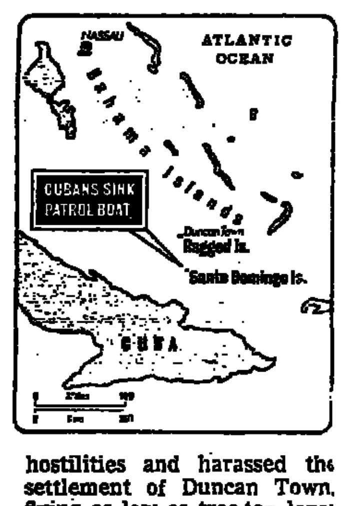
Bahama's Deputy Prime Minister, Mr. Arthur Hanna, rejected the Cuban explanation and pointed out that the attack took place in daylight, when the ship's markings were clearly visible.

A Bahamian Cabinet Office statement said the Flamingo was on its way to port when it was "viciously attacked without warning by Mig-type fighter aircraft with air-to-surface rockets. A military helicopter also hovered overhead."

The attack continued after the ship had been abandoned and was sinking and the Bahaman crew were machine-gunned while trying to swim to safety.

The 15 survivors were able to make their way to nearby Ragged Island in one of the Cuban fishing boats, taking the eight Cuban fishermen with them. They arrived early on Sunday.

On Sunday, the Bahamian statement said: 'The Cuban military aircraft continued their hostilities and harassed the settlement of Duncan Town, flying as low as tree-top level making a long-range transport plane and a helicopter which hovered just above the houses with the obvious intention of intimidating the population and actualyl landed."



Two aircraft despatched from Nassau earlier were unable to take off "because of the sustained threat and hostile manoeuvring by the Cuban military aircraft," the statement said.

The aircraft, with the survivors aboard, took off five hours later when the Cuban force withdrew.

A U.S. costguard search for the on Sun d ay bec ause of the missing men had to be called off on Sunday because of the presnce of Cuban aircraft and naval vessels in the area.

Mr. Lynden Pindling, the Bhamian Prime Minister, flew back from London yesterday to take charge of the situation.

Exim chief defends loan to Murdoch

By David Buchan in Washington

THE PRESIDENT of the U.S. Export-Import Bank yesterday denied to Congress that a low interest government loan to an Australian airline, owned by Mr. Rupert Murdoch, the entrepreneur and newspaper publisher, had been motiviated by anything other than the need to match European competition.

Interest on Capitol Hill in $290m (£127.9m) loan which EXIM extended to Ansett, a domestic airline in Australia, in order to buy Boeing aircraft (in preference to the European Airbus) was sparked by the fact that a few days later the New York Post, also owned by Mr. Murdoch, endorsed President Jimmy Carter for re-election.

Mr. John Moore, the EXIM chief and previously a lawyer in Georgia, President Carter's home state, yesterday insisted that he had not been under political pressure to grant the loan, which the export credit agency approved in February at 8 to 8.4 per cent interest rates. "Nor was I motivated or influenced at any time by the possibility that the New York Post might endorse the President for re-election," he told the Senate Banking Committee.

Mr. Murdoch, is due to appear before the committee today.

Congress had several times emphasised in Exim's legislation thatt he bank should be agressively competitive with terms offerfed by other national credit agencies, Mr. Moore said yesterday. The Airbus, manufactured by a European consortium, was a formidable competitor, he said, and had already been bought by another domestic Australian airline.

Brazil strike ends

Brazilian metal workers have voted to end their six-week strike, a union official said yesterday, Reuter reports from Sao Paulo. The official said none o fthe strikers' demands on pay and job security had been met and the workers, mainly from the motor industry, would maintain their protest by working to rule until management renewed negotiations.

Food stamp deadline row

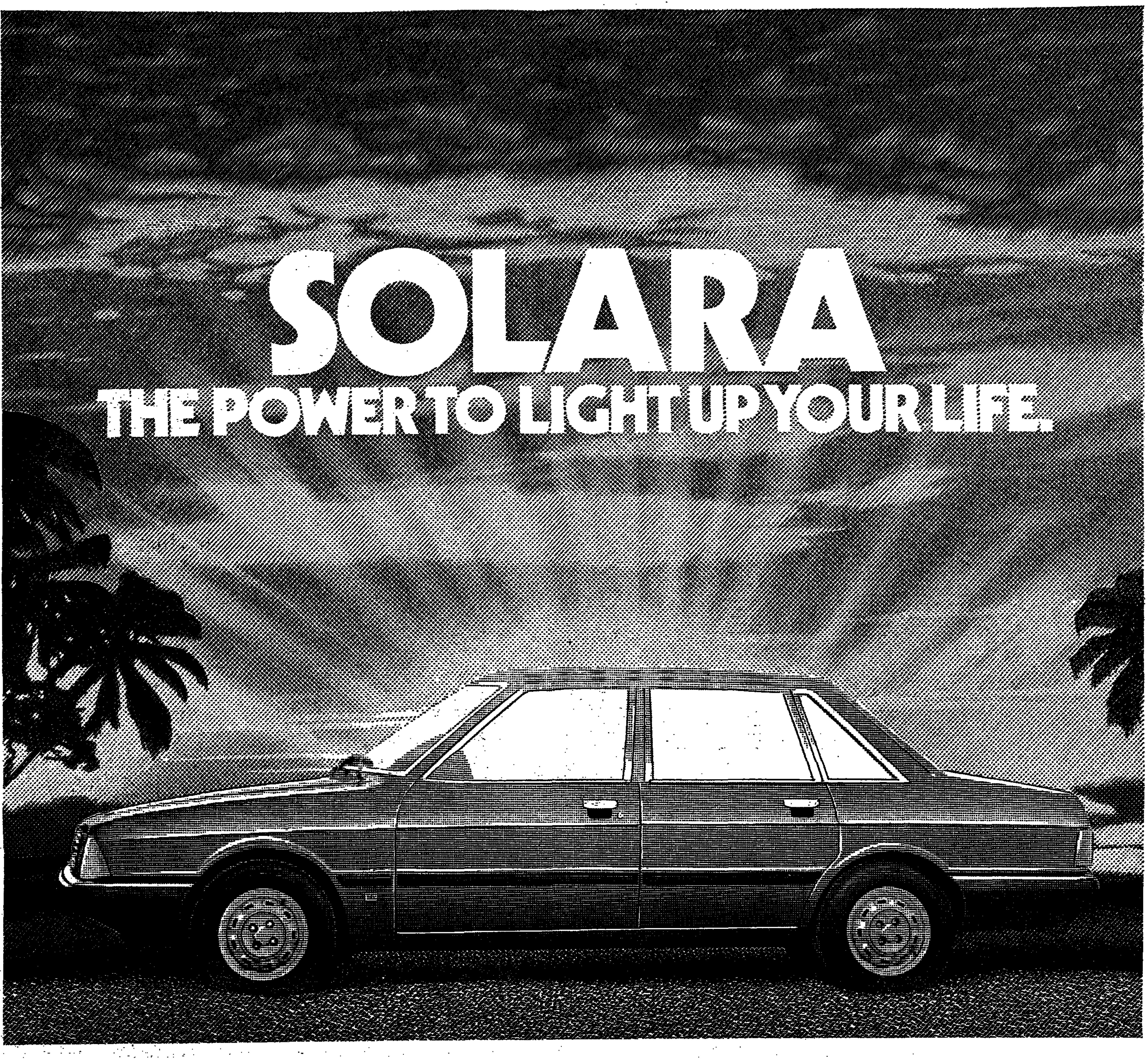
BY NANCY DUNNE IN WASHINGTON

SOME 27 state and territorial governments plus 26 labour unions and otner organisations are threatening to sue the U.S. Department of Agriculture if it does not rescind its deadline of Thursday for terminating the food stamp programme which benefits 21.4m Americans.

The department has set the May 15 deadline for suspension of food stamps if Congress fails to provide funds for the programme by then. Congress wrestling with budget appropriations, has been moving to authorise the money needed to keep the programme alive this year, but it is unlikely that action will be completed by Thursday.

Mr. Robert Abrams, the New York State Attorney General who appeared with other potential plaintiffs at a news conference yesterday said a suspension of the food stamp programme would cause irreparable injury to food stamp recipients.

Some state officials expressed concern over the possibility of disorders in poorer neighbourhoods. Most food stamp households have gross incomes of under $300 a month The stamps are the only benefit available to 40 per cent of the recipients



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WORLD TRADE NEWS

Honda, Daimler to consider joint venture in S. Africa

BY RICHARD C. HANSON IN TOKYO

HONDA MOTORS will enter talks with a South African affiliate of Daimler Banz later this month on a possible technical co-operation agreement to produce subcompact cars in South Africa.

Mr. M. B. Shenker, the chairman of United Car and Diesel Distributors (UCDD), owned 27 per cent by the West German company, will arrive in Tokyo on May 19 for talks. Honda, which is involved in a joint production venture with BL in the UK, said any agreement with UCDD would most likely be limited to licensing arrangements.

At present, Honda exports mostly motorcycles to South Africa, which limits the import of completed cars. Toyota, Nissan, Mitsubishi and Toyo Kogyo (Mazda) all produce and distribute cars in South Africa through local companies.

Quentin Peel in Johannesburg adds: The South African Government has given the green light for UCDD to negotiate with Honda on an agreement to introduce yet another range of cars into the South African market, in spite of the fact that the existing manufacturers admit there is already excess capacity.

The decision to negotiate final details was delayed pending a decision by the South African Department of Industries, although Honda and UCDD reached agreement in principle on the deal last year.

UCDD has given the Government the assurance that it will meet the requirement for 66 per cent local content in the new cars from the start of production, and, therefore, will have to undertake extensive tooling likely to take some 18 months.

The South African Company yesterday refused to comment on the prospects of agreement until it was finalised, and has given no indication of its likely investment. However, it is clear that the smaller models produced by Honda would be a useful complement to UCDD's concentration on luxury Mercedes at the top end of the market.

The company's share of the car market was cut from 4.5 per cent in 1978 to 3.5 per cent last year, in the wake of the petrol price rise.

There are already 11 major car manufacturers in the South African market, which last year totalled 213,000 vehicles. In addition 100,000 light commercial vehicles are sold, in which Honda could also be interested.

The biggest growth in the market has been for small cars, with Sigma's Mazda 323 and Volkswagen's Golf consistently topping the sales charts. Fiat has also just announced plans to introduce its Panda to take advantage of the rapid acceleration in sales in the past six months, as the South African economy has started to take off.

Jonathan Carr in Bonn adds: Daimler Benz said that broader co-operation with the Japanese beyond that under consideration with Honda was not being planned at present. A company official pointed out that the kind of smaller cars which might be produced with Honda in South Africa would not undermine sales of the larger Mercedes models there. In 1979 Daimler sold about 70,000 cars and 4,000 commercial vehicles in South Africa. Substantial sales growth was expected this year too.

French in Saudi Navy arms deal

By Robert Mauthner in Paris

FRANCE yesterday confirmed its position as one of Saudi Arabia's main arms suppliers with an agreement "in principle," signed in Riyadh by the French and Saudi defence ministers, under which France will sell Saudi Arabia large quantities of naval equipment.

The framework agreement is due to be followed by a technical agreement in about one month's time, which will specify the quantities and price of the equipment due to be supplied by France. However, some of the details have already been revealed by official sources in Paris. The deal is expected to be worth some FFr 7bn (about £700m) and the equipment will be made up mainly of missile-launching coastal patrol ships and corvettes designed for anti-submarine warfare.

The agreement is considered in Paris to be of as great political as commercial significance. The French who are dependent on Saudi Arabia for as much as 36 per cent of their total oil imports, have seen their position as one of Saudi Arabia's most favoured trading partners greatly strengthened by the naval defence agreement.

Over the past few years, Saudi Arabia has purchased as many as 1,000 AMX-30 tanks from France, equal almost to the armoured strength of the entire French army, as well as a substantial number of anti-tank helicopters and ground-to-air missiles. In addition, an agreement was concluded recently by the French electronics group Thomson-CSF for the creation of a joint Franco-Saudi subsidiary in Saudi Arabia which will manufacture radar and aircraft radio equipment.

The Saudis are also reported to be interested in purchasing one of France's most advanced combat aircraft, the Dassault-Breguet Mirage-4000, which is the twin-engined version of the Mirage-2000 ordered by the French Air Force.

The contract for the creation of Saudi-Arabia's coastal defence force, which is likely to include the building of a new port and other coastal defence installations as well as the training of Saudi personnel by French technicians, was won against tough Italian competition.

Turkey lifts truck tolls to secure more Iranian oil

BY ANDREW WHITLEY IN TEHRAN

IRAN AND Turkey yesterday signed an agreement abolishing tolls on Iranian trucks in transit to and from Europe. In return for the concession Iran has agreed to supply Ankara with an extra 400,000 tonnes of crude oil.

The Tehran agreement comes just five days before the EEC countries and Japan are expected to enforce their threatened economic sanctions on Iran because of the lack of progress towards the release of the American hostages.

Coincidentally the Soviet Union is reliably reported to have recently halted the flow of Western goods along its rail system to Iran on the grounds that the border crossing is congested. The ban is said to have been in effect for about the past three weeks.

These two developments underline the importance of the road route through Turkey, bringing badly needed raw materials and spare parts to Iran, if the U.S. goes ahead with a naval blockade of the Gulf coast. With shipping to Iran's southern ports becoming increasingly difficult, and because of the need for speed to beat the May 17 deadline, Iranian importers have been increasingly switching to the land route.

The Turkish transit charges, introduced in response to the vast increase in TIR trucks travelling to Iran after 1973, were a major bone of contention between the two countries in the Shah's day. While recognising the sensitivity of the timing of their abolition of tolls for Irans trucks, Turkish officials clearly feel their desperate need for oil is of greater importance.

The new oil supplies, equivalent to about 3m barrels, are being sold on the "most favoured nation basis — the lowest price charged any other customer—this is interpreted by Turkey to mean free of the surcharge imposed by Iran after April 1 and of the common requirement to pay spot market prices for a proportion of the total volume. They are in addition to 1.5m tonnes (11.25m barrels) already contracted for.

In a separate move aimed at easing the shortage of fuel oil in eastern Turkey, officials of the two countries adjoining border provinces recently agreed to relax controls on local trade. The two sides meet periodically to fix new trade quotas, in an effort to control the widespread two-way smuggling of a variety of goods.

Further north, on the Irano-Soviet border tens of thousands of tonnes of goods are reported to be piling up at the Julfa customs post because of the slowness of Iranian customs officials in processing the imports. According to a Western freight forwarding concern in one case items despatched a year ago have still to be delivered.

Meanwhile, legislation covering the nationalisation of foreign trade has been passed by the committee of the Revolutionary Council and is expected to come into effect shortly.

The measure will be introduced gradually, at first covering about half Irans imports. Most of these items, such as bulk foodstuffs and construction materials are already being handled by Government agencies or state monopolies.

HK group fined in 'counterfeit' goods case

By Philip Bowring in Hong Kong

A HONG KONG garment manufacturer has been fined for falsely declaring goods actually made in China to be of Hong Kong origin.

The case is the first of its kind involving China and came to light when the Hong Kong company applied for a Hong Kong certificate of origin. The manufacturer had supplied materials to a factory in Swatow, China, which made them up into blouses which were to have been exported to Sweden and West Germany.

The case has caused concern in Hong Kong which needs both to uphold the reputation of its certificates of origin and also prevent its scarce agrment quotas from being wasted in this way. With several garment manufacturers setting up just across the border from Kong Kong to use cheap Chinese labour the problem could increase unless, tightly policied. In the past, false origin claims have usually been the reverse of this one, involving Hong Kong manufacturers trying to pass off Hong Kong made items as originating in other Asian countries such as Indonesia.

● Hong Kong's financial secretary Sir Philip Haddon-Cave said yesterday that the development of economic relations with China would help to secure the future of Hong Kong.

Sir Philip made the comments on his return from an eight day visit to China during which he met officials in Peking, Canton and Shanghai. Details of his talks were not available, but he said that from now on he expected that there would be regular exchanges between Hong Kong and Chinese officials, at the national level in Peking as well as the provincial level in Canton.

Deng queried on Peking-UK route holdup

PEKING—China's senior Vice-Premier, Deng Xiaoping told UK Opposition Leader James Callaghan yesterday that he would look into reasons why a Sino-British civil aviation agreement signed last November has still not gone into effect.

Under the agreement, signed during Premier Hua Guofeng's visit to London last autumn, British Airways was to have started direct flights to Peking from April 1.

But aviation officials said the services had not yet started because of a dispute between the Civil Aviation Administration of China (CAAC), which operates the country's national airline, and BA over the exact terms of the operation.

The officials said the British view was that the CAAC was trying to attach terms for the BA flights which were not contained in the agreement.

Mr. Callaghan raised the issue during a two-and-a-half hour meeting with Mr. Deng.

Reuter

Scotch makers seek EEC aid against Danish taxes

BY GARETH GRIFFITHS

THE SCOTCH whisky industry is to ask the EEC Commission to exert pressure on the Danish Government over its discriminatory tax on Scotch whisky imports.

The Danish Parliament last week approved a DK 90 (£7) a litre spirits tax on imported Scotch in addition to a 22 per cent value added tax and a 37.5 per cent ad valorem tax. Whisky is currently selling at about DK 125 (£9.70) a bottle in Denmark.

Danish whisky importers said yesterday they view the new tax as a way of retaining a financial discrimination in favour of local spirits and acquavit. The Scotch Whisky Association is to ask the British Government and the EEC Commission to take action against the Danes.

The EEC Court of Justice found in February that Denmark, France, Ireland and Italy had been guilty of fiscal discrimination against Scotch in favour of locally produced spirits. A meeting of EEC finance ministers in June is to discuss the problem.

Mr. Ian Coombs, Chairman of the SWA information committee said Denmark seemed prepared to defy both the EEC Court of Justice and the Commission. The ad valorem tax would exaggerate the price difference between the local acquavit, which had lower manufacturing costs and did not have to be matured. The difference between the tax payable on acquavit and Scotch whisky would be over £1 a bottle, although acquavit is much stronger.

The 65 companies importing whisky into Denmark have decided to delay a decision on whether to take the Danish Government's action to court. The Danish High Court could simply pass the case onto the EEC Court of Justice, which Commission officials in Brussels believe will be the most likely course.

In 1979 Scotch whisky exports to Denmark were 510,000 proof gallons, 1 per cent up on the 1978 figure.

Tehran may get Polish plants

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND IS hoping to pay for future supplies of Iranian oil with sales of industrial equipment, agricultural construction services and participation in Iran's educational development programme.

Last week a Polish delegation held talks in Tehran and proposed a 10-year agreement for supplies of an unspecified amount of Iranian oil. According to Mr. Antoni Karas, a Polish deputy trade minister, there are prospects for the construction in Iran of a dyestuff factory and a plant producing textile machinery spare parts. The Iranians also expressed interest in Polish sugar refineries, power stations, mining machinery, rail freight cars and shipping. Further talks are to be held this year, Mr. Karas said.

Around 70 per cent of the 17m tonnes of oil Poland at present imports comes from the Soviet Union. Up to now Iran has supplied around 1m tonnes a year. But the Soviet inability to fulfil Poland's growing oil requirements means that increasingly the country is looking for supplies elsewhere.

But the high price of Iranian oil and traditionally low Polish exports to Iran means that either Poland will have to increase sales or Iran will have to extend favourable trade conditions if oil supplies from that country are to figure with any prominence in Poland's oil balance.

Bandar Khomeini split remains

BY ANDREW WHITLEY IN TEHRAN

JAPANESE officials were "hopeful" that the latest rupture in talks with Iran over the huge Bandar Khomeini petrochemical complex will be temporary. There has, however, been no progress in narrowing the differences of views between the two sides.

Reports over the weekend, meanwhile, were confirmed that the Iranians now in charge of the joint venture Iran-Japan Petrochemical Company (IJPC) issued unilateral orders to reduce the Japanese staff working for IJPC, including those in the Tokyo office, by 12 employees. This in itself is in line with previous indications that the Iran partner wanted to cut back on staff, but the abruptness of the notification (without asking the Japanese) has disturbed those involved in Tokyo.

Last week, Iran ordered six of ten Japanese employees in Tehran to return to Japan, and subsequently reviewed the entire 173 person, IJPC workforce. So far they have approved the salaries of 70 workers, mostly engineers, and ordered the 12 dismissals.

More fundamentally, the Iranian and Japanese remain split over how to procede with the completion of the complex, now more than 85 per cent built. The most intractable problem is the Iranian refusal to renegotiate higher payments for Japanese contractors, who are required to continue work on the complex. The Japanese contractors themselves have refused to go back to work until assurances of new contracts is given.

China orders U.S. equipment

By Tony Walker in Peking

CHINA has signed an agreement with a U.S. company to manufacture oil drilling bits

It was announced in Peking over the weekend that the Hughes Tool Company will build a plant in China at a cost of $250m to manufacture the oil drilling equipment. The plant will be set up at Chengdu, capital of Sichuan—China's most populous province and one where it is thought there are further prospects for oil finds.

The plant will take about two years to build. In the meantime China will buy drilling equipment from the Hughes plant at Houston, Texas.

State borrowing falls as tax receipts rise

BY DAVID MARSH

THE GOVERNMENT had a lower than usual borrowing requirement last month partly because of the continued buoyancy of tax receipts. For the first four months of 1980, it has had a cash surplus of more than £1bn as receipts from taxation and other income such as public sector asset sales have been more than enough to offset a sharp rise in spending.

Withdrawals of funds from the banks caused by the flow of payments to the Exchequer have been one of the reasons for liquidity shortages in the money markets in recent months, which the Bank of England has had to reliev by giving special assistance to the banking system.

Treasury figures yesterday showed that the central government borrowing requirement in April was £877m, well below the £1.29bn recorded in April 1979.

Receipts by the Consolidated Fund—mainly made up of taxes collected by the Inland Revenue and Customs and Excise—rose to £5.09bn from £3.33bn. Receipts in April last year were depressed by industrial action in the Civil Service. But there has also been a sharp underlying rise caused by collection of Value Added Tax levied at the higher rate of 15 per cent as well as receipts of some taxes which were delayed during the main tax collecting season earlier this year.

Consolidated Fund spending, mainly on supply services, rose to £5.58bn from £4.06bn.

April was the first month in the new financial year for which the Government plans a rise in central government borrowing to £9.3bn from £8.2bn in 1979-80. The public sector borrowing requirement—which also includes borrowing by the local authorities and nationalised industries—is forecast to fall to £8.5bn from £9.1bn last year.

Engineers to start on CEGB reactor design

BY DAVID FISHLOCK, SCIENCE EDITOR

A TEAM of five Westinghouse Electric engineers will start work next month on designing the rfist pressurised water reactor (PWR) for the electricity supply industry in the U.K.

The five will move to Britain for two years following the Nuclear Power Company's "activation" last wek of the 10-year Westinghouse licence for PWR technology. Westinghouse said yesterday that it expected the engineers to join the NPC design team headed by Mr. John McKean.

Two NPC engineers will move to the Westinghouse nuclear headquarters near Pittsburgh next month to work with a team of about 30 which Westinghouse employs to transfer technology to licencees for its nuclear power systems.

Westinghouse now has four full licensees for its PWR: Framatome (Creusot-Loire) in France, Mitsubishi in Japan, Sigen-Sopren in Italy, and NPC, operating arm of the National Nuclear Corporation, in Britain. Framatome is currently renegotiating the terms of its first licence, signed in 1972. Britain has already built a score of naval PWRs under licence obtained from Westinghouse in 1959.

The NPC has a novel outline design for a PWR power station layout which the Central Electricity Generating Board estimates will cost £3.5m.

The design uses two concentric concrete cylinders, with the reactor in the inner cylinder and the safety and other auxiliary reactor systems distributed between the inner and outer cylinders.

In the British layout, the reactor itself has so far been treated as a "black box," since NPC had little access to detailed design of the PWR before the licence was activated.

But the reactor NPC has selected in collaboration with the CEGB is a 1,100 MW unit produced by Westinghouse and Bechtel, the Californian architect-engineering group. Nine reactors of this design are already operating. Five more will be ready to start up this year, and another seven by 1982 — a total of 21 before Britain can expect to start building its first PWR.

Westinghouse is setting up an emergency response centre in the U.S., with a staff able to advise any operator in trouble. The idea of satellite links for fast communication is being studied.

The first major transfer of technology to Britain will cover design details for every part of this reactor, but the licence also allows NPC to draw technology as required from other Westinghouse designs.

A second major transfer of technology under the licence will take place later when Britain is ready to manufacture key components such as pressure vessels, steam generators and reactor "internals." But it is unlikely that these could be purchased in Britain at competitive prices for a single reactor, such as the CEGB is planning at present.

Cumbrian mine to close

BECKERNET Ore Mines in Cumbria will close next year with the loss of 180 jobs. The British Steel Corporation said yesterday it can no longer compete against the low prices of foreign ore.

The closure has been in the pipeline since the mid-1970s.

Another reason for the closure is the poor quality of ore from the mine, which has declined in the past few years. Beckernet Mines produces about 3,000 tonnes of ore a week.

Support for institutions criticised

By Andrew Fisher

THE GROWING encouragement given to large financial institutions to make stronger use of their shareholding power in British companies was criticised yesterday by Mr. Owen Green, managing director of the BTR industrial group.

He warned that companies could well shift their acquisition activity overseas if institutional shareholding weight inhibited the free market mechanism of the Stock Exchange.

He told the annual meeting of the rubber and engineering group that he was especially concerned about political support for institutional action. He said it was not up to the shareholder, institutional or otherwise, to work out ways of supervising companies.

His views contrast with those of Sir Geoffrey Howe, Chancellor of the Exchequer, who said recently that institutions—comprising mainly pension funds and insurance companies—should devise effective means of exerting powers of supervision.

But Mr. Green said shareholders' responsibility "should be discharged by ensuring that their company has and maintains a satisfactory board of directors."

Market forces could be impaired if institutions changed their attitudes and were induced to "use their power in some new but unspecified manner."

Renold closure plan to cost 800 jobs

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

RENOLD PLANS to close a motor components factory in Coventry with the loss of 800 jobs, it said yesterday. The closure follows several announced redundancy programmes by other companies supplying the motor industry, most of them in the Midlands.

Renold blamed declining demand for the closure. It says this "has led to production levels that are no longer viable. The situation has been aggravated by the long engineering dispute which took place last year."

There is also an element of changing technology in the product, a precision chain, made at Coventry. Accordin gto Renold, one of its major customers, Ford, is increasingly replacing engine chains by belts.

Renold employees at Coventry received 90-day redundancy notices yesterday, but the closure may be carried out over a longer period than the statutory redundancy time.

Renold said it will be having discussions with its customers, mainly BL and Ford.

The company has 12 months stocks, and will be "reviewing longer-term prospects over the next few months." The company said this might include the manufacture of the product elsewhere in the UK or abroad.

No estimate of the closure costs has been revealed, although they could exceed £1m. The 800 strong workforce, of which about half are women, comprises about 10 per cent of Renold's UK workforce. The factory is part of the power transmission division of the group.

Trade unions are already concerned at the rising tide of redundancies in the motor components industry. Other companies which have said recently that they are planning redundancies include: Wilmot Breeden (300 at its two Birmingham factories), GKN (80 at Thomas Haddon and Stokes), Burman and Son (up to 200 in Birmingham) and Lucas Electrical, which hopes to cut back 2,000 at 13 factories.

BR introduces bus services

BRITISH RAIL entered the bus business yesterday. Two coaches started carrying fare-paying passengers 32 miles between Peterborough, Cambridgeshire, and Kettering, Northamptonshire, to replace passenger rail services axed for economy reasons 15 years ago.

The service links two Inter-City routes into London from the Midlands and the East Coast, and coincides with the rail time-table. It also brings Corby and Oundle in Northamptonshire into the BR network. The 45-seat coaches are painted in BR livery and costh £42,000 each.

Warrior Resources in £2.1m oil probe

BY RAY DAFTER, ENERGY EDITOR

WARRIOR RESOURCES, an inndependent oil company largely funded in the UK, has started a £2.1m oil and gas exploration programme.

Its exploration associate, Double Eagle Energy and Resources, is searching for new U.S. reserves in the Cook Inlet, Alaska and central Oklahoma.

The programme marks the latest development of Warrior, which was formed in November by Mr. Jerry Williams. Mr. Williams previously directed Occidental Petroleum's team in the North Sea's Piper and Claymore fields.

Double Eagle has acquired a 62.5 per cent interest in a well being drilled on the west shore of North Cook Inlet on a structure which, the company said, could be a faulted extension of the Granite Point oil-field. The exploration area is adjacent to a lease on which Warrior has acquired an interest in 50bn cubic feet of natural-gas reserves.

In Oklahoma, Double Eagle is earning an interest in nine exploration areas through payment of the majority of exploration costs in a nine-well drilling programme. The prospect areas are in Seminole, Pottawataomie, Logan and Okfuskee counties.

Double Eagle expects to spend at least £575,000 on drilling these shallow wells.

Double Eagle's activities are being funded from C$1m (£3.3m) being raised in Europe and Western Canada. Double Eagle is being used as the exploration arm of Warrier, in which about 20 British institutional investors — including merchant banks, insurance companies and investment trust—have subscribed C$7m (£2.6m).

● A UK-based independent oil group, Carless Capel and Leonard, yesterday confirmed it had found oil in its first exploration well drilled at Humbly Grove, near Basingstoke, Hampshire.

The company said testing of the well would take at least another fortnight. Meanwhile, it could not comment on the find's commercial potential.

The exploration consortium comprises Carless Exploration, part of Carless Capel and Leonard, as operator (28.125 per cent); Marinex Petroleum (28.125 per cent); Cambrian Exploration, part of Candecca Resources (25 per cent); and Hadson Oil UK On-Shore, part of Hadson Petroleum Corporation of Oklahoma (-8.75 per cent).

Eurocanadian in $38m deal for two carries

BY WILLIAM HALL, SHIPPING CORRESPONDENT

EUROCANADIAN Shipholdings has bought two second-hand combination carriers for ning to pay $200m for four new combination carriers.

The group is also planning to invest $120m in new container ships.

Euroconadian is a Canadian-owned international shipping group based in Switzerland. The purchase of the Scandinavian carriers marks a further significant expansion of its British flag fleet, now seven vessels totalling 839,000 dwt.

Late last year Eurocanadian ordered three 70,000 dwt container/bulk carriers at a cost of $80m from a Yugoslav shipyard. The group is negotiating orders for two more ships of a similar type.

The latest purchases, the 1972 built Norvegia Team and the 1973 built Suecia Team, both 103,000 dwt, will join Eurocanadian's British flag fleet managed by Denholm Ship Management of Glasgow. Altogether Eurocanadian operates a fleet of 42 ships totalling 2.4m dwt in the bulk and container trades, primarily in the Atlantic.

Eurocanadian is owned by Mr. Frank Narby's Dolphin Investments, Helix Investments and Canadian National Railways. Until the beginning of this year it was headed by Mr. Frank Narby, but he resigned as chief executive in order to devote more time to his personal investment interests.

Until recently one of Eurocanadian's major investments was an 18 per cent stake in Furness Withy and a 37 per cent stakein the latter's subsidiary, Manchester Liners. Furness Withy is in the process of being taken over by Orient Overseas Containers an arm of the C. Y. Tung group, one of Hong Kong's biggest shipping companies.

Mr. C. H. Tung, chairman of Orient Overseas, has told Mr. Narby that he intends to give urgent attention to Manchester Liners once the offer for Furness has become fully unconditional.

Press fund aid to reach £2m

By Brian Ager

THE AID paid out by the Newspaper Press Fund since it was founded 90 years ago is expected to reach £2m this year.

This was said yesterday by Mr. Arthur Tietjen, chairman, at the fund's annual meeting. He said each week the fund paid about £1,000 to needy journalists and their dependents.

Membership of the fund is confined to journalists who work for newspapers, but Mr. Tietjen said steps were being taken to alter the fund's charter so members could be recruited from radio and television.

Poster fetches £23,000

SALEROOM

BY ANTONY THORNCROFT

AT PHILLIPS' New York saleroom at the weekend, a Toulouse-Lautrec poster of the Moulin Rouge sold for $52,000 (£23,000), an auction record price for a poster. It was double the record sum achieved at Sotheby Parke Bernet, New York, last year for another Lautrec poster.

In London yesterday Sotheby's continued its dispersal of the Honeyman collection of scientific books which it bought for a reputed £2m. A further £116,185 was raised to produce a running total of £1,649,000, with still almost half the collection to go.

Top prices yesterday were £8,000 for a first edition of Kepler's "Tabulae Rudolphinae" of 1629; £4,800 for a similar book, including a map of the world, the first to show Western Australia; and £4,000 from Quarritch for Kepler's "Ephemerides."

In a sale of tribal art at Sotheby's an Admiralty Islands wood female figure, 58¼ inches high, made £12,500. A Mayombe wood maternity figure group, believed to be unique, sold for £12,000. At Christie's auction of ceramics a private buyer paid £4,800 for an extensive Mason's ironstone "Japan" pattern service.

Planned spending period to be cut to three years

BY DAVID MARSH

THE GOVERNMENT plans to lower the period over which it makes public spending commitments from four years to three. This move reflects the often-expressed scepticism of Treasury ministers about the value of setting out detailed spending plans for too far ahead.

The decision was announced last week by Mr. Nigel Lawson, Financial Secretary to the Treasury, during the closing stages of a House of Commons debate on public spending. The plan will be put into effect in next year's White Paper on public expenditure, and marks a major departure from Treasury practice over the last decade.

The White Paper published next year will give public spending figures only for three years ahead, up to 1983-84, instead of the four which has been customary since the spending White Papers were first published in December, 1969. The 1983-84 financial year is the final period of the spending plans set out in this year's White Paper issued last March.

As Treasury ministers have frequently poured scorn on the habit of past governments of making detailed forecasts about the future, the move is no great surprise. But it is likely to attract some criticism.

Mr. John Biffien, Chief Secretary to the Treasury, has been particularly dismissive about what he has called "the uncertain science of economic futurology."

When he was commenting on this year's White Paper at a Press conference in March, Mr. Lawson said the relative lack of details in it about years after 1980-81 was "wholly realistic." To set down more forecasts about what *might* happen in the future could be "spurious and misleading."

Despite this, the decision may attract some criticism. The all-party Treasury and Civil Service Committee, making its highly critical report earlier this month on the Government's public spending strategy, complained *about* the lack of information about assumptions underlying Government policy in later years. It particularly emphasised the absence of any *detailed breakdown of spending* by broad economic category beyond 1980.

Despite the plans to lop one year off the public spending programme, the Government may still in future years supply figures for four years ahead in setting out its medium term economic strategy for public sector borrowing and money supply growth.

Move to close Welsh foundry

BY ROBIN REEVES

PROPOSALS for the closure of the British Steel Corporation's Landore foundry, near Swansea, causing 228 redundancies, were presented to union officials by BSC's management yesterday.

The shutdown of the foundry, which makes general castings, stems *mainly from* BSC's *proposal* to halve steel production at its two major South Wales steelworks, Port Talbot and Llanwern.

The corporation is seeking agreement with steel unions on this item in its retrenchment package, involving 11,300 redundancies, by June 30.

BSC's South Wales foundry work will in future be concentrated at its Dowlais foundry, near Merthyr Tydfil, which has also suffered a recent cut of more than 100 in its workfyorce.

At yesterday's meeting, the management confirmed a 12-month notice of closure. However, it indicated that ex-gratia severance payments would be *negotiated in exchange for an* agreement on closure by August 1.

Landore traditionally manufactured ingot moulds and *bottom plates* for BSC's steel production plants. More recently this business was concentrated at Dowlais and BSC attempted to develop Landore as a general castings foundry manufacturing a wide range of products, including *cast* iron garden furniture.

However, BSC's Port Talbot and Llanwern cuts will reduce its overall requirement for ingot moulds. Therefore, management has decided that only one South Wales foundry is justified.

Timber industry upset over decision to scrap £100m plan

LISA WOOD looks at the UK timber industry and the disappointment over the decision to abandon plans for a joint investment in a £100m plant in Scotland.

THE UK timber industry has been severely disappointed by the move to abandon plans for a £100m newsprint plant at Fort William, Scotland.

*Foresters in the UK are dis*appointed by the decision of Wiggins Teape, the paper group, and Consolidated Bathurst, of Canada, newsprint *manufacturers.*

The foresters had hoped that the plant's development, which would have saved the 14-year-old loss-making Wiggins Teape *pulp mill* at *Fort William,* would have pointed towards consistent growing demand for domestically grown roundwood timber.

Higher demand for the raw material would have added strength to tree-growers' demands for a long-term Government strategy for the industry.

While the pound remains strong and the dollar weak, any large investment in a major UK newsprint plant would be problematic, even with large-scale Government grants and a favourable pricing agreement from foresters.

The two existing UK producers of newsprint, Bowater *and Reed, have been losing* money on newsprint production for some time.

Newsprint is priced in American dollars, as it is an international commodity, and under a currency agreement negotiated with Scandinavian producers, the sterling invoice price is reduced, according to a complex formula, if sterling moves above $1.95. As a result effective UK newsprint prices have not increased for some time.

The domestic industry's production has tumbled in recent years. In 1969 home production peaked at 790,000 tonnes a year. Last year the UK produced 364,000 tonnes—equivalent to just over 25 per cent of the country's 1.4m tonnes consumption.

North American producers of newsprint have, besides a *favourable exchange rate,* a further advantage over domestic manufacturers of newsprint. Prices of roundwood, the smaller timber used for pulp, *are at least 50 per cent lower* than those in the UK.

In North America extensive areas of natural forest are still available for felling. The cost *for harvesting is lower* than in the UK because of the scale of operations and the trees are larger, thus reducing unit costs.

In the UK, where prices for roundwoods are comparable to Scandinavia's, the trees, planted over the past 50 years by the state-owned Forestry Commission and private landlords, bear heavier overheads and are in less economic units for harvesting.

The failure of the Fort William enterprise poses Scottish timber growers with an immediate problem of what to do with their roundwood timber. The majority of pine and spruce forests are in Scotland.

The pulp-mill at Fort William absorbed one quarter of their total production. However, it has not dampened confidence in the domestic industry's future growth potential.

Last year Britain imported more than 90 per cent of its timber, at a cost of £2.7bn. It is predicted by the Centre for Agricultural Studies, in Read*ing, that with an expected world* shortage of timber, prices will rise by 30 per cent in real terms during the next 20 years and will probably double by the year 2025.

Fibre

The centre, in a recent report, called for an additional 1.86m hectares of new forest to be planted in the UK over the next 50 years, together with the conversion of an additional 100,000 hectares of existing but unproductive woodland to commercial use. Even if this target were achieved the country would still be heavily dependent on imports.

The centre argued that the cost if importing wood fibre would double if all wood-based imports were in the form of finished wood products, instead of sawnlogs and pulpwood.

However, parts of the UK timber industry are becoming much more competitive as trees planted in the last 50 years reach maturity.

The sawn-log industry, which uses larger trees, is improving and the quality of home-grown timber is now adequate for the construction industry.

The small roundwoods, mainly obtained from thinnings of forests, are supplied to paper and board mills such as the Thames Board Mill in Workington, where an £80m expansion scheme is underway.

The chipboard industry, which underwent a severe depression a few years ago, also uses roundwoods.

About one third of the roundwoods which would have been consumed at Fort William will now be absorbed at the Caberboard chipboard plant near Stirling.

Mr. Dallas Mithen, commissioner for harvesting and marketing at the Forestry Commission, says: "In the short term we should be able to export some of the roundwoods to Norway and Sweden where there is a shortage of wood."

Demand

Mr. Mithen is confident of the UK industry's long-term future. At present UK timber prices are competitive with those in Scandinavia and Europe and as more home-grown plantations mature, more K timber will be on the market. Mr. Mithen doubted whether North American forester will be able *to sustain their lower prices.*

There is increasing pressure in North America for more areas to be re-planted after felling and for fewer forests to be completely felled, Mr. Mithen says he was confident that there would be a growing UK industry to absorb domestically-grown wood in the forseeable future.

Foresters are pressing for an all-party commitment to the industry so that demand for more timber can be met, Mr. Brian Howell, secretary of the Timber Growers' Association, which represents private growers, says: "The Government in its granting of sub*sidies, for example, must assess* the relative merits of forestry and farming. Hill farmers could be encouraged to replace sheep with trees on the upland areas."

The *private sector of the* industry does not believe that a Government's proposal to open plantations owned by the Forestry Commission, is the *solution.*

Private landlords say they might take up the offer, which would be operated on a sale or lease-back basis, on a *limited* scale, but any large scale transfer of plantations would detract from the Forestry Commission's activities.

The commission, set-up in 1919, owns 1.25m hectares of land, 875,000 hectares being under plantations, about ¼ being now ready for harvesting. The investment is thus about to mature, offering the finance for further land acquisition and planting.

Varied

Private landlords and the commission have a good working relationship and share *similar goals, one* being the planting of more trees.

Not everyone shares the enthusiasm for more planting. Conservationists argue that the *landscape, particularly in Scot*land, is being destroyed by the large-scale planting of spruce and pine trees.

Environmentalists and ecologists also argue that if *more* trees are to be planted they should be of more varied species with different life cycles.

Forests in which all trees are the same age suffer grave problems of disease when growing, and problems of erosion when felled, they argue. However, *those* examining the potential of trees as an investment reply that diversification of species would cost more money.

Sealink to offer £10 French trip

By Our Shipping Correspondent

SEALINK, *British Rail's ferry* operation, plans to woo the cross-Channel day tripped by offering £10 return fares from London to France.

The fare includes rail travel from Charing Cross, Cannon Street, London Bridge, Waterloo East ~~or Victoria~~ to Dover or Folkestone and cross-Channel sailings by Sealink ships to either Calais or Bologne. For an extra £1 the crossing can be made by hovercraft.

Sealink offered similar £10 fares last summer, and the renewed offer is aimed at maintaining the group's traditional dominance of the passenger market. Sealink is also offering 10 days on the Continent for a car plus two adult passengers at the same price as a five-day return fare.

Other ferry operators are waiting to see whether Sealink continues its selective price-cutting into the peak holiday season. The other major cross-Channel ferry operator, Townsend Thoresen, has been roughly matching Sealink's monthly offers.

National Trust faces problems of inflation

FINANCIAL TIMES REPORTER

INFLATION was threatening the work of the National Trust, said Mr. Michael Heseltine, *Environment Secretary,* opening an exhibition on the Trusts work in the House of Commons yesterday.

The exhibition, open for a fortnight in the Upper Waiting Hall, was "a blown-up pamphlet for people who amble past," said Lord Gibson, Trust chairman. He stressed the Trust was neither financed nor operated by the state, needing genuine, popular support and more members. With inflation at its present rate, the Trust would be unable to accept more historic houses.

Membership of the Trust has *grown by 700,000 in the past* decade and now totals about 870,000.

The Trust preserves nearly 500,000 acres of Britains finest countryside, and 400 miles of unspoilt coastline, and opens to the public over 200 houses and gardens of historic interest.

It costs over £14m a year to run the organisation. Part of this comes from rents endowments and visitors. But the Trust is becoming increasingly dependent on membership subscriptions, legacies and gifts.

£40m Glasgow development plan lodged

FINANCIAL TIMES REPORTER

A PLANNING application for a £40m development at St. Enoch Square, in Glasgow's centre, was lodged yesterday.

New offices for the Ministry of Defence, at a cost of £15m, and a £21m private commercial development to include a 250-bedroom hotel, are intended to form part of the project.

The hotel will replace the St. Enoch Railway Hotel, built in 895 and closed in 1973. The adjacent glass-covered St. Enoch railway station, the Scottish terminal of the old London line, was closed in 1966. Both buildings were demolished.

The present 16-acre site has been landscaped by the Scottish Development Agency, at a cost of £6m.

The Government Property Services Agency is responsible for developing the central part of the site into five office blocks, which are expected to be completed by 1986.

National Savings sales drive

NATIONAL SAVINGS yesterday *launched its biggest* and most expensive publicity drive, to boost sales of premium bonds, retirement certificates and other services. It is based on introduction of *Melvyn the* Money-Spider, a rival for Buzby, the telephone bird. Melvyn will be screened in TV advertisements from July.

The drive was launched yesterday in Torquay at the annual conference of the National Federation of Sub-Postmasters, the 21,00 0sub-postmasters in the UK being agents for National Savings.

UK NEWS

Pubs 'seem to have lost ground' to clubs and take-home trade

BY GARETH GRIFFITHS

PUBS SEEM to have lost ground last year to clubs and the take-home trade in their share of total beer sales according to stockbroker Phillips and Drew in its quarterly review of the drinks industry.

The increase in pub takings in the last quarter was well below thta of the Retail Price Index, while the rate of increase in pub costs is expected to be well ahead of sales for the rest of 1980, says the review.

Turnover in pubs increased 12 per cent in the last quarter of 1979 compared to the 1978 figure. The Retail Price Index for drinks increased 17 per cent. But overall sales in the industry were maintained.

The bulk of breweries' profits come from the sale of beer in their tied or managed public houses. The review forecasts a rise of between 10 to 15 per cent in profits on wholesale beer and a 2 per cent growth in production.

A further round of price increases is likely soon. Last month Whitbread increased its wholesale price for beer by £1.50 a barrel. Courage, Watney Mann and Truman are likely to put up their prices soon.

The industry's analysts are convinced that price rises do not have a major impact on consumption and that the effects of the recession will fall more heavily on consumer durable expenditure rather than drinks.

The report suggests brewery companies have been successful in maintaining margins on their wholesale beer sales. Since February the brewery sector has outperformed the Financial Times all-share index by 8 per cent.

Irish whiskey exports are likely to continue to expand by about 15 per cent per annum, according to the report. Irish has not been as vulnerable as Scotch whisky in the American market because of its minute share, about ½ per cent, and also because of the loyalty of Irish Americans to Irish whiskey. A similar loyalty is found among Irish consumers in London and Liverpool.

Independent airlines aim to offer cheaper fares

CHEAPER AIR fores throughout Common Market countries is one of the major aims of a new association formed by 17 independent airlines.

L'Association des Compagnies Aerienne de la Commonaute Europeene (ACE), also intends to protect its members' interests and offer the widest possible choice of low-cost air travel. The first president is Mr. Derek Davison, managing director of Britannia Airways of the UK.

The association says the air transport industry in Europe is "heavily regulated and burdened with restrictions that hamper the free flow of passengers and freight, and protect the national airlines, many of them Government-owned, contrary to the aims of the Rome Treaty.

ACE's task, therefore, is to try to liberalise the present structure of European air transport, and to expand low-cost inter-regional air services within the Common Market.

As one of its first acts, the association is presenting a paper to the European Parliament's transport committee, on The Airline Network and Regional Services.

In it, ACE proposes various categories of inter-regional air services, where independent airlines can improve on existing services.

The association is also concerned at the "monopolistic behavious" of the national airlines, and the protection given to those airlines by their Governments.

In addition to Britannia Airways, the members of ACE are: Air Belgium International; Conair, Maersk Air and Sterling Airways of Denmark; Euralair and Minerve of France; Air Europe, Dan-Air, Monarch and Orion of the UK; Aeral and Itavia of Italy; Transavia of Holland; and Hapag-Lloyd, Germanair and LTU of West Germany.

The association's secretary is Mr. A. Vernieuwe, Abelag Aviation Building, Brussels International Airport.

EEC aid urged to deal with heavy lorry damage

BY LISA WOOD

LORRIES WEIGHING more than 32.5 tonnes should not be allowed to enter Britain unless repair bills for damage they caused to roads were paid by the European Economic Community, the London Boroughs Association said yesterday.

New EEC proposals would require member-countries to adopt standard regulations allowing easy movement of freight across borders.

A report on the proposals, submitted to the LBA's housing and works committee, said that in Britain this would mean an increase in gross weight of 37 per cent from the present limit of 32.5 tonnes.

Mr. Simon Randall, committee chairman, said: "Roads in this country are being damaged by the present influx of heavy lorries. If the weight allowance is to increase it will speed up the decay of existing routes."

Mr. Randall said an increase in lorry weights without financial aid for highway maintenance was unsupportable. He will put his views to the Armitage Inquiry, which is examining the problems of lorries, people and the environment.

Shetland TV relays set up

ABOUT 2,150 people in the Shetlands will be able to receive colour TV when two new ILBA relays, Fitful Head and Scalloway, start transmissions on Friday, carrying Grampian Television programmes.

The IBA network comprises 51 main high-power transmitters supported by about 400 lower power local relays.

APPOINTMENTS

Pilkington group posts

Mr. Denys Cledwyn-Davis has been nominated by PILKINGTON BROTHERS as chairman of the Pilkington Flat Glass Europe Division Board and of Pilkington Flat Glass Limited. He succeeds Mr. Denis Cail who is to relinquish those posts in September 1980 on taking up his appointment as deputy chairman of Pinkington Brothers. Mr. John Pashley is to succeed Mr. Cledwyn-Davies as managing director, Pilkington Flat Glass Europe Division and Pilkington Flat Glass from September. Mr. Jim Helliwell, deputy managing director, Triplex Safety Glass Company, will replace Mr. Pashley as managing director, Safety Glass Europe Division and Triplex Safety Glass.

★

Mr. Christopher Laidlaw has been appointed a director of BARCLAYS BANK INTERNATIONAL with effect from May 22. Mr. Laidlaw is a deputy chairman of the British Petroleum Company and chairman of BP Oil. Mr. Peter Kerridge, formerly a director and treasurer of Amex Bank, also vice president of American Express International Banking Corporation, has become an executive director of BARCLAYS MERCHANT BANK.

Mr. Richard J. Hagon, Mr. Stephen J. Otterburn and Mr. Nick Pasricha have been admitted to partnership of ARTHUR YOUNG McCLELLAND MOORES AND CO. in the London office.

★

Mr. Jack Willett has been appointed president of INTERNATIONAL STANDARD BRANDS INC., New York. He was previously senior vice president of International Standard Brands headquartered in London. Mr. Tony Pendry has become vice president of International Standard Brands Inc., based in London.

★

Mr. P. N. Gerrard is now senior partner of LOVELL WHITE AND KING in place of Mr. R. L. B. Hutchings, who has retired. Miss C. H. Dawes, Mr. D. Farrington and Mr. R. P. H. Sleigh have become partners.

★

Mr. Charles Bromley has been elected president of the ELECTRICAL CONTRACTORS' ASSOCIATION and Mr. Bryan Ford and Mr. Michael Steward have been elected senior and junior vice-presidents respectively.

Mr. Charles Bromley

★

Mr. R. E. G. Sheppard has been appointed managing director of CARL SCHENCK (UK). He takes over as chief executive from Dr. Alex Xingas who is returning to Germany to his position as sales director with the group.

★

Mr. W. C. Douce has been elected chief executive officer and president of the PHILLIPS PETROLEUM COMPANY. Mr. W. F. Martin, who was chairman and chief executive officer will continue as chairman.

★

Mr. R. J. Clements has been appointed the manager of LLOYDS BANK INSURANCE SERVICES. He succeeds Mr. S. L. H. Roberts, who has retired.

★

The Secretary for Industry has appointed Dr. J. C. Cain to be managing director of the NATIONAL RESEARCH DEVELOPMENT CORPORATION from June 1. He will succeed Mr. W. Makinson, who retires at the end of May after six years as managing director. Dr. Cain has been chief executive of NRDC's Department of Applied Science since 1971 and a member of the Corporation since 1973.

★

Mr. Richard Venables, chairman of Ogilvy Benson and Mather and a director of Ogilvy and Mather International, is to be the new chairman of the reconstituted APPLE AND PEAR DEVELOPMENT COUNCIL.

★

Mr. G. S. Kidd has resigned his directorship of FRENCH KIER HOLDINGS and has left the group's employment.

★

Mr. James B. Walker has been appointed chairman of BRAZIL CAPITAL SERVICES and BRAZILIAN EQUITY HOLDINGS and Mr. Audley Twiston-Davies, who is resident in Rio de Janeiro, has been made a director of both companies.

★

Correction

The photograph published yesterday with the appointments of Northern Engineering Industries was incorrectly captioned as Mr. C. R. Thompson of that company.

Libyan envoys to be expelled

BY PHILIP RAWSTORNE

FOUR LIBYANS are to be withdrawn from their country's mission in London at the British Government's request.

The move is designed to end the harassment of Libyans resident in Britain, Mr. Douglas Hurd, Minister of State, Foreign Office, told the Commons yesterday.

The Government had been concerned for some time about the activities of Libyan Government officials which amounted to political intimidation of Libyan expatriates, he said.

Libyans had also been involved in recent weeks in a series of crimes.

Though none of the four had been directly implicated in the murder of Libyans resident in this country, they had been involved in "activities which are incompatible with their functions," Mr. Hurd told MPs.

"We are emphasising that we expect them to leave within the next few days."

Mr. Hurd said that Sir Anthony Acland, a senior Foreign Office official, had delivered a personal note to Colonel Gaddafy from Mrs. Margaret Thatcher about the situation.

Discussions were being held with the Libyan authorities to resolve questions about the status of the Libyan People's Bureau which had taken over the functions of the Libyan Embassy in London, he said.

"It must be established that the People's Bureau will be fulfilling the functions of a diplomatic mission under the Vienna Convention on Diplomatic Relations."

Mr. Hurd said that the Libyan Government wanted to improve relations and establish closer co-operation in the commercial and economic fields.

"We share this desire but our relations cannot improve unless the campaign of harassment ends immediately," he declared.

The Government's move was given a general welcome by both Labour and Tory MPs.

Mr. Peter Shore, Labour foreign affairs spokesman, said the murder in London of two distinguished Libyans was "a challenge that no Government could fail to meet."

Mr. Hurd said that the Government was determined that the law should be respected.

The visa system would be more rigorously controlled and consultations were being held with other countries who had experienced similar problems.

"We are determined that London should not be a battleground," he told Mr. Jo Grimond, former Liberal leader, who said that the public had been incensed by these "vendettas by foreigners."

Mr. Peter Emery (C., Honiton) called on the Government to X-ray any diplomatic bags which they suspected might be used for importing weapons.

Action should be taken against any embassy proved to be involved in such misuse of diplomatic immunity, he said.

Mr. Hurd replied that no hard evidence had yet been uncovered that diplomatic bags were being used to import firearms but embassies had been warned.

HURD: determined London should not be a battleground

PM steps up pressure for Games boycott

By Richard Evans, Lobby Editor

THE PRIME MINISTER is to put further pressure on the British Olympic Committee to dissuade British athletes from attending the Moscow Games in July.

A letter will be sent later this week or early next to Sir Denis Follows, chairman of the committee, in the hope that there will be a change of mind before the acceptance deadline of May 24.

A significant factor in Mrs. Thatcher's campaign to mount an effective boycott could be the decision of the West German Olympic Committee on Thursday. If, as expected, they recommend a boycott, the Prime Minister's case will be greatly strengthened.

● MONOPOLIES: The Government is to raise with the Director-General of Fair Trading the practice of some newspaper wholesalers withholding supplies to some retailers.

Mr. John Selwyn Gummer (C., Eye), claimed during questions in the Commons yesterday that some London wholesalers were withholding supplies to create "monopolies" in some areas.

A registered agreement under the Restrictive Trading Practices Act in relation to the supply of newspapers made it impossible for some people to get the newspapers if the wholesaler refused to supply them.

● CAR PARKING: There are no Government plans to lift car parking restrictions for motorists on the TUC Day of Action on Wednesday, the Earl of Gowrie, Employment Minister, told the Lords yesterday. Precise parking arrangements on the day would be a matter for the police. But it was intended to keep radial routes open.

● MET REPORTS: Publication of the daily weather report from the Meteorological Office is to be discontinued at the end of this year, the Government announced yesterday.

Expected annual saving would be £150,000, including six civil service posts in the Met Office and closure of the specially maintained HMSO press there.

● SAFETY: The 1974 International Convention for the Safety of Life at Sea will come into force on May 25, Mr. Norman Tebbit, Trade Under-Secretary, announced in the Commons yesterday.

Britain would also be introducing new requirements for inert gas systems in foreign ships earlier than stipulated by the 1974 convention.

CAA £12m radar contract lost 'due to delivery doubts'

BY IVOR OWEN

DOUBTS ABOUT the capacity of British firms to meet delivery dates was a prime reason why the Civil Aviation Authority recently placed contracts for new radar equipment worth over £12m with foreign companies, Mr. Norman Tebbit, Under Secretary for Trade, told the Commons yesterday.

Amid Government cheers, he suggested that this was a consideration which should be borne in mind by those engaged in supporting the "buffoonery" of the TUC Day of Action tomorrow.

Such action, Mr. Tebbit stressed, could only damage the chances of British industry.

Mr. Stanley Clinton Davis, a Labour spokesman on trade, maintained that it was disgraceful that Mr. Tebbit should have sought to place responsibility for the fact that orders had gone to foreign companies on the workers of the British firms concerned.

Mr. Tebbit retorted that he had not sought to put the blame for the fact that the CAA contract had gone to foreign firms on an event which had not yet taken place.

"But at a time when the prime criticism of this country's exports is that they are not delivered on time, I regard it as a combination of Luddism, idiocy and buffoonery to further delay British industry in support of an idiotic gesture on Wednesday."

Mr. Cranley Onslow (C., Woking) asked the Minister to confirm that the U.S. firm Westinghouse had been eliminated from consideration for the contract because its offer was misleading.

TEBBIT: Day of Action "could only damage" British industry

He urged that this should be made clear to other firms who might be contemplating placing orders with Westinghouse.

Mr. Tebbit said it was right that at one time Westinghouse had appeared to be the front runner for the contract, but on closer examination it had been found that the capability of the equipment on offer fell very short of the claims made by the company's salesmen.

The Westinghouse equipment had also been of a lesser performance than that offered by the successful firm at a lower price.

Mr. Tebbit told Mr. Onslow: "I am sure that the lesson will be learned by further prospective customers."

● Another plea for Government action to bring down the sterling exchange rate was made by Mr. David Knox (C., Leek).

He said the strength of the pound was keeping British manufacturing companies out of export markets. He warned that if the Government did not take corrective action, the demand for import controls would become irresistible.

Mr. Reginald Eyre, Under-Secretary for Trade, replied that inflation remained the main threat to Britain's economic success, and stressed that the strength of sterling helped to combat it.

Mr. Anthony Grant (C., that exporters were being hit by high interest rates as well as the strength of sterling.

He said the Treasury should be urged not to be dogmatic but to switch to lower interest rates at the earliest possible moment.

Mr. Eyre answered: "The Government wants interest rates to come down as soon as possible, but not at the expense of sabotaging its economic policy."

Electricity price rise criticised

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE LATEST 10 per cent increase in electricity prices announced yesterday came in for criticism in the Commons.

Mr. John Cartwright (Lab., Woolwich E.), complained that the price rise, which had been brought forward to August instead of October, was the second in four months.

"We seem to be getting to a situation where gas and electricity keep on chasing one another with the consumer struggling very hard to keep up," he declared.

"We canot just go on jacking prices up every few months and finding a few pieces of sticking plaster to bandage the worst of the casualties."

Opening a short debate on the impact of rising fuel prices, he said that between 1973 and 1979 electricity prices had risen by a "staggering" 183 per cent.

Describing the impact on the consumer as "frightening," he recalled that yesterday's announcement followed a 17 per cent increase in electricity in April, 8 per cent in September 1979, and 8.6 per cent in June 1979.

This meant that the price per unit would have risen by between 30 and 40 per cent on a year ago even before the 10 per cent rise during August. Electricity prices over a five-year period would have quadrupled.

Mr. Cartwright had initiated a debate expressing the concern of the House over the impact of "ever rising fuel prices" and the growing level of disconnections. His motion called on the Government to end wasteful energy consumption.

He said that studies made by the last Labour Government had predicted that fuel prices generally would double by the end of the century. But the way things were going under the present Government, they would trebled or quadruple by that time.

At the same time, the energy conservation programme was slipping fast and the lack of encouragement for home insulation had become a scandal, he said.

Rising fuel prices were putting people at risk and there had been a significant increase in deaths due to hypothermia.

Turning to gas, he said that people who were set to shiver through the coming winter could not understand why this was so at a time when the gas industry was making a profit of £600m this year.

A Conservative backbencher, Mr. Joceleyn Cadbury (Northfield), urged the Government to break the monopoly of the British Gas Corporation as a producer and distributor. If private companies were allowed to compete then prices would be determined by market forces, he said. This would remove from future Governments the embarrassment of having to intervene.

Mr. Cadbury opposed subsidies on fuel on the grounds that the rich would be the ones to reap the most benefit. He thought the Goverment's policy was right—to ration the nation as a whole by price and implement social policies to help the hardest hit.

'No chance' of cutting costs of NHS drugs

BY ROBIN PAULEY

TOTAL NATIONAL Health Service expenditure on prescriptions passed the £1bn mark for the first time last year. Although the number of prescriptions might fall, there was little chance of stopping rising costs, Sir Patrick Nairne, Permanent Secretary at the Department of Health and Social Security, said yesterday.

Sir Patrick told the Public Accounts Select Committee that the figure for 1979 was £1.084bn, a rise of £134m over the previous year. This was in spite of a slight drop in the volume of prescriptions from 365m to 362m in 1979. The averge cost of a prescription rose from £2.16 to £2.44.

The fall in the number of prescriptions was the first since 1971 and had started before the price of prescriptions to the patient was increased to 45p in July.

"Increased prescription charges may help to level off the net costs but there seems no chance of reducing gross costs of druge and prescriptions in the NHS. We must try to achieve a slower annual growth in drug costs and hope that the volume decline in prescriptions will continue," Sir Patrick said.

Mr. Joel Barnett, chairman, said there had been a relentless upward trend in the costs of drugs in the NHS. Was there any evidence to show that the department's campaign to persuade doctors to resist unnecesary demands for cough mixture, slimming pills and tranquilisers, was working, he asked.

Sir Patrick said there had been a stabilisation in prescribing those items and the DHSS was monitoring very carefully the levels of drugs prescribed.

Although drugs costs were a worry, the proportion of total public health spending which they represented had risen from just under 10 per cent in 1970-71 to only just over 11 per cent in 1978-79.

Civil servants rebuff TUC

By Christian Tyler, Labour Editor

PREDICTIONS THAT there will be little support for the TUC's Day of Action tomorrow and that Government departments will be working normally are coming from local Civil Service union officials.

Signs of a serious revolt, against the TUC's call and the advice in support of the call given by Civil Service union leaders, emerged yesterday at the annual conference in Eastbourne of the Institution of Professional Civil Servants.

Anxious not to be seen as politically motivated, IPCS delegates snubber their own national executive committee. By an overwhelming vote they forced withdrawal of circulars from the leadership endorsing token strikes, demonstrations or lunch-time meetings.

Instructions to members not to cross picket lines set up outside Government buildings by IPCS branches or by other unions will also be rescinded.

A Home Office scientist, Mr. Terry Watson, accused his union leadership of being "unwise, misguided and out of touch with the feeling of the membership."

Mr. Ted Edwards, who is employed in the Navy Department, said that most union officials on the ground thought it would be a normal day. That was the view inside other Civil Service unions as well.

Delegates also refused the platform's suggestion that they cut short the morning debate tomorrow to allow people to join a march and rally in the town organised by Eastbourne trades council.

About 50 IPCS officials and staff, members of the white-collar union APEX, had alreay decided that they would stop work early and join the march. They were meeting last night to consider their plans in the light of the day's events.

These two rebuffs left the national executive angry and dismayed on the first day of a conference for which an unprecedented number of censure motions have been tabled.

A normally restrained affair, the IPCS conference at times looked more like the volatile, rowdy Civil and Public Services Association, representing mainly young civil servants, and which is in conference this week.

Pilot scheme for full-time branch officers

By Alan Pike, Labour Correspondent

THE EXECUTIVE of the Amalgamated Union of Engineering Workers was yesterday given authority by its rules revision committee to experiment with a pilot scheme of full-time branch secretaries.

But the committee of the union insisted branch secretaries should be elected, like all 200 other officials of the union. The executive had wanted the power to appoint.

At present the union's 2,600 branches are serviced by lay secretaries. Under the rule change the executive will have power, after consultation, to group branches together under a full-time secretary.

The decision that officials must be elected is, however, likely to dampen many union leaders' enthusiasm for the idea.

Sir John Boyd, general secretary, said yesterday that there was no intention of undertaking a full-scale re-organisation of the existing system. The pilot scheme would be tried in areas where it had not proved possible to recruit lay secretaries.

Robinson refused leave to claim unfair dismissal

BY OUR OWN CORRESPONDENT

Mr. Derek Robinson, the dismissed BL Longbridge convener, was refused leave to make a claim of unfair dismissal yesterday.

A Birmingham industrial tribunal ruled that he did not have a good reason for putting in his claim 12 days outside the statutory time limit.

Mr. Richard Smith, chairman, said his two colleagues though Mr. Robinson's reasons for being late were spurious.

"I myself prefer the word humbug," said Mr. Smith.

Mr. Robinson was dismissed last November for distributing propaganda against Sir Michael Edwardes' policy for saving BL. The workforce had already voted for the policy in a ballot.

Dr. John Brookes, Mr. Robinson's GP, told the tribunal that, after his dismissal, Mr. Robinson had suffered from amnesia, insomnia, voices in the ears and a loss of appetite. It was a severe psychiatric illness brought about by pressures from within industry, and from the media.

Dr. Brookes said Mr. Robinson was a character whose beliefs were based on the "euphoria of the true believer." At the time he was unable to make proper decisions.

He had attended meetings and had appeared on TV but, said Dr. Brookes: "I saw him on TV and he did not appear to me to be a man in charge of his own affairs. He did not seem to realise the whole thing was becoming a farce."

Giving the tribunal decision, Mr. Smith said Mr. Robinson had thought he was strong enough and powerful enough to deal with the situation himself. That was what lay behind the medical evidence of Dr. Brookes.

Mr. Smith said it was as well to recall that this was the fourth public hearing day of the tribunal. There had been applications, one for a secret hearing, and others for adjournments on points, which were later withdrawn.

The reason why Mr. Robinson had not put in his claim was that he did not wish to take advantage of this Act of Parliament.

He himself had said it was no ordinary dismissal, but the dismissal of a convenor. The tribunal did not wish to belittle that office, but at the end of the day he was an employee like anyone else.

After the hearing, Mr. Robinson said he was disappointed at the result and would consult with his legal advisors about a possible appeal. Mr. John Bowden, his solicitor, said they would also consider whether there could be a claim against Mr. Robinson's union, the AUEW, for negligence.

Mr. Robinson will not have to face costs of his appearances befor the Birmingham tribunal. His solicitor and Mr. David Turner-Samuels have given their services free. Shop floor collections are being made for the fee of his junior counsel, who appeared on one day.

Provincial papers reappear

BY PAULINE CLARK, LABOUR STAFF

PROVINCIAL morning newspapers were back on the streets today for the first time for two weeks following the agreement on print craftsmen's wages on Sunday night. However, about 20,000 print workers in general print companies remain in dispute over their national pay claim.

The British Printing Industries' Federation, representing 3,700 print companies, said it would wait and see local response to an invitation to print craftsmen to return to work from yesterday on the basis of a minimum earnings offer of £75 a week and on condition that normal working was resumed.

Union leaders of the National Graphical Association warned last week that they were instructing members to reject the employers' offer.

Provincial newspaper employers of the Newspaper Society agreed at the weekend to meet the NGA's demand separately for an £80 minimum earnings level. This may turn out to be a final split in the annual pay negotiations partnership between the BPIF and the Newspaper Society.

The union, which had been taking selective industrial action for eight weeks in support of its claim, is expected at an executive council meeting today to ratify the new agreement with the Newspaper Society.

The agreement is seen as evidence of the union's continuing strength in the industry in spite of the rapid advance of new technology. It was this issue which lay behind the NGA's determination to press its claim unsupported by the other major print unions.

Further talks are expected with SOGAT and NATSOPA, two of the print unions which had earlier accepted by ballot the employers' original offer.

The Liverpool Daily Post will not appear this morning following a decision by the local NGA chapel (union branch) not to resume work without payment for the past two weeks. Their decision also prevented appearance of the group's evening paper, The Liverpool Echo yesterday.

A management statement said the NGA chapel "have refused to resume working despite lifting of suspension notices in accordance with the settlement of the national pay deal."

● Independent Television News bulletins remained off the air yesterday because of the four day dispute over new technology.

Technicians in the Association of Cinematograph, Television and Allied Technicians, have been told by management that they broke their employment contracts when they refused last Friday to handle a speech by the Prime Minister produced by Grampian Television. It used a new enectronic news gathering system.

Dispute costs IPC 'over £4m' a week

BY JOHN LLOYD

INTERNATIONAL Publishing Corporation (IPC) said yesterday it is losing between £4m and £5m a week in revenue because of a dispute with its 1,500 journalists, now beginning its third week

While part of the losses are expected to be recouped when publication of the group's business and general interest magazines restarts, the company said the weekly losses will increase the longer the dispute continues

IPC has suspended all journalists in its business Press and magazine divisions, and in its book publishing companies Butterworth and Hamlyns, following the breakdown in pay negotiations and a one-day strike by journalists last month. It has also suspended publication of its magazines.

The journalists last week voted to allow the committee of its branch of the National Union of Journalists to withdraw sanctions—including the banning of overtime and freelance work—if pay talks can be reconvened.

The NUJ has claimed a 28 per cent rise, while IPC has offered 17 per cent, up from its first offer of 14 per cent.

The journalists have demanded pay for the period in which they have been suspended, and that the suspensions be lifted before negotiations resume.

The company has offered talks between a management representative

Unions back chemical industry offer

By Nick Garnett, Labour Staff

A PAY offer to noncraft manual workers in the chemical industry is being recommended for settlement byt he industry's principal unions.

The proposals, made nationally by the Chemical Industries Association, follow the abortive attempts during last year's pay talks to reach a central agreement for the 60,000 workers covered by the negotiations.

The offer provides for a new basic rate of £66 a week, achieved by adding at least 23p an hour new money, as well as consolidating other payments where necessary to produce a new hourly rate of £1.65 and call-out pay would also be increased.

Construction workers agree pay

BY NICK GARNETT, LABOUR STAFF

CONSTRUCTION UNIONS yesterday reached agreement after employers involved in the industry's principal wage negotiations refused to increase their pay offer.

The Union of Construction, Allied Trades and Technicians had already accepted the proposals, which increase guaranteed minimum earnings by 20 per cent.

They were joined after the employers' refusal to budge on pay by the Transport and General Workers' Union and the General and Municipal, both of which had rejected the offer. The Furniture, Timber and Allied Trades Union maintained its opposition, but is party to the settlement.

In the face of a refusal by the joint union side to accept the original proposals, the employers' organisations agreed to issue guidelines to their member companits in order to try and prevent abuses of the restrictions placed on holiday stamps in the agreement. They also withdrew their insistence on a deadline

But they refused to increase pay, consolidation and the cut off on bonus payments. The refusal of the Transport and General to accept a deal already agreed by UCATT aggravated relations already strained between the two unions.

The overall level of the main construction settlement, which covers up to 700,000 workers, was probably improved because of the Building and Allied Trades Joint Industrial Council pay deal. This is a new agreement in which the Transport and General is the only union involved.

The construction settlement gives labourers a basic of £58.80 with a minimum bonus of £9.80 and a guaranteed minimum earnings level of £68.60. The craftsmens' basic rises to £69 with a minimum bonus of £11.40 and guaranteed minimum earnings of £80.40.

Right wing takes control of CPSA

BY PHILIP BASSETT

RIGHT-WINGERS yesterday seized control of Britain's largest civil service union, the Civil and Public Services Association, when the results of voting for the executive under a new electoral system brought a landslide victory for the union's moderate group at the annual conference in Southport.

The Right, in the first national executive election since a new "pithead-style" ballot system replaced block voting at the union's annual conferences, routed the leading Left-wingers, who had held 20 of the 26 executive seats, and the two Vice-presidential posts.

The new executive is dominated by the Right, with 23 seats. The Left held on to only two, with the final seat being taken by the middle-of-the road Mr. Len Lever, a former president of the union. Mrs. Kate Losinska, leader of the Right, retained the presidency, and both vice-presidential posts were also taken by the Right.

Some 817 branches voted, in a poll which showed much lower voting totals than the previous figures based on block voting.

The electoral system is designed to give stability to voting patterns, so the Right could hold on to control for some time. But the Left has taken some comfort from the fact that the Right seems unlikely to be able to keep together the various political groups which make up the moderate slate.

Some union leaders, looking at the inexperience of the new executive, were gloomily forecasting a relapse into mediocrity.

Even some leading Right-wingers thought privately that the swing had gone too far for the union to be fully effective, and Mr. Peter Coltman, leader of the Left, who lost his vice-presidency and failed even to secure an executivet seat, said: "I am concerned that the Right-wing has no idea of how to initiate or handle militancy when militancy is necessary."

But the Right denied that the election results would weaken the union's resistance to the new round of Civil Service cuts to be announced this week by the Prime Minister.

Senior officials were concerned that there would now be a permanent conflict between the Right-wing executive and the Left-wing activists in the branches.

Apart from Mrs. Losinska, the new executive features 12 women. About 68 per cent of the union's members are female, and observers were pointing to the successful strategy of the Right in fielding so many female candidates to appeal to women members.

The Left also failed to secure the union's withdrawal from the Civil Service's pay research comparability system. They drew back from a motion pulling the union out of the system, but a 45,000 majority for a weaker motion on pay research indicated the Left could have won on the tougher motion if it had not been rattled by the early indicatio nof the election results.

The pay research motion, adopted by delegates set up a special one-day conference to consider the union's future involvement in the system, but the incoming executive is likely to sabotage even those ambitions of the Left by holding a referendum on the issue if necessary.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SAFETY AND SECURITY

Close watch on the premises

INTRODUCED BY Chubb Alarms is the Miniscan, a lightweight and unobtrusive closed circuit television system which can provide economic surveillance in almost any small- to medium-sized location.

Prived at £460, including installation, the Miniscan consists of a nine inch monochrome solid state monitor linked to a pair of cameras positioned at strategic points in the customer's premises.

The monitor can be arranged to enable the shopkeeper, for example, to keep an eye on the door and hidden corners of the shop while getting on with routine matters such as paperwork. In a garage, the attendant could see what is happening in both showroom and forecourt at the same time as he deals with say, a telephone call in the back office.

Each camera can be individually focussed and has automatic compensation for different lighting conditions.

Chubb Alarms is at 42 Hersham Road, Walton-on-Thames, Surrey, KT12 1RY (Walton 43851).

Reducing the fire risk

BLUE LINE, the office furniture group, recently staged a demonstration of hiw quickly foam-filled furniture can ignite and contribute to the rapid spread of fire . . . but showed, at the same time, how to combat *ignition*.

Two identical-looking foam-filled office chairs were used for the test and identical blowtorches were placed on slats of wood at the back of the seats—aimed directly at the base of the backrests for 80 seconds.

Almost the whole of the backrest on one chair had burned away after two minutes, dropping burning foam in the process and producing acrid fumes and smoke. The chair subsequently burned completely. On the other chair there was a charred area where the flame had been directed, with a hole no bigger than a 5p piece in the covering. A small hollow area behind the hole showed where some of the foam had melted. There was no ignition and little smoke or fumes.

The burnt chair used normal plastic foam for its upholstery, covered with the type of material still widely used by many furniture makers.

The other chair was built to *the Blue Line patented method*, using a treated fabric interlining over high resilience foam. While these materials form the basis of the fire protection, the construction techniques are equally important in achieving this level of fire resistance.

This fire-resistant approach to furniture-making adds approximately 20 per cent to the final cost of the chair.

A similarly-constructed chair has already been tested by an independent authority and passed ignition source 5 of the DOE/PSA Fire Retardent Specification No. 6. Legislation due to be introduced this summer demands only a pass at ignition source 1.

A. Marshall and Sons, Blue Line House, 19 Thames Road, Barking, Essex IG11 0HS.

Airport fire tender

AIMED SPECIFICALLY at the needs of the airport fire services is the Protector 2 range of specialist fire fighting vehicles based on an all-terrain chassis and having water tank capacities ranging from 800 to 2,000 gallons.

This vehicle has a maximum speed of 70 mph which together with rapid acceleration should enable it to get to an incident very quickly. The company says that in tests the vehicle has given good performance on the runway and in off-road conditions.

Design is modular in form to a basic standard specification and an extensive range of optional equipment means that a vehicle most closely matched to the operator's needs can be achieved. Due to commonality in design and component selection, fleet management benefits will also occur in terms of spares holdings, maintenance routines and training.

Chubb Fire Security is at Pyrene House, Sunbury on Thames, Middx. Sunbury 85588).

● INSTRUMENTS

Senses the density

AUTOMATIC DENSITY control of process liquids in the chemical and petroleum industries can be achieved with a Finnish-made instrument which is effect weighs the liquid as it is fed through a U-tube lying in a horizontal plane.

The U-tube is connected to line via bellows at each open end so that its closed end is free to move in an arc and on an axis which passes through the bellows.

The U-tube in turn is connected to a balance arm and a transducer so that as the weights of the fixed volume of fluid in the tube changes due to the changing density, a changing signal is provided by the transducer. Customary signals 0 to 24 mA or 4 to 20 mA can be provided, or pneumatic signals of 0.2 to 1.0 bar or 3 to 15 lb per square inch.

Where necessary the transmitters can be fitted with mechanical temperature compensation to compensate for process fluid temperature changes.

Made by Valmet in Finland, the units are available in the UK from Calex Electronics, 9a High Street, Leighton Buzzard, Beds LU7 7EA (0525 373178).

Offers more functions

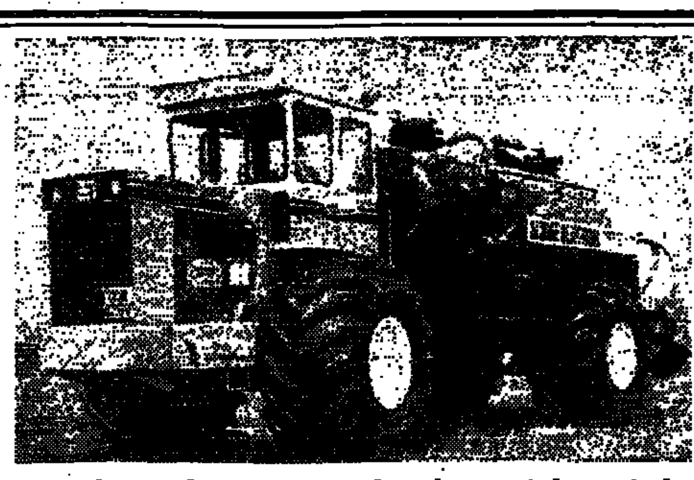
A PAIR of microprocessors is used in the latest 5½-digit digital multimeter from Fluke, providing a number of functions and options not normally available.

Apart from an accuracy of 0.01 per cent over one year and a four-wire ohms measuring facility, the new 8860A can provide offset, limit and peak to peak measurements plus an ability to store high and low values. Constants used in the offset mode can be entered numerically or direct from the display. Reading speeds are selectable at 2½ per second with 5½ digits and 12½ per second for 4½ digits.

A useful option is a cable-connected calculating controller which allows the user to carry out programs ranging from simple transducer algorithms to complex data logging, statistical analysis and other mathematical functions.

Using an external keyboard and non-volatile cartridge memory the user can set up programs with 100 fully-merged steps.

Fluke (GB) is at Colonial Way, Watford, Herts WD2 4TT (Watford 40511).



Five slurry tankers like the one shown here are to be acquired and operated on behalf of Thamesgro, the slurry handling division of the Thames Water Authority. Thamesgro operates a controlled programme of applying processed sludge on to farmland over large areas in north Surrey, northeast Hampshire, Berkshire, south Oxfordshire, south Buckinghamshire, Middlesex, Essex and parts of Hertfordshire and Bedfordshire. Slurry will be hauled by 30-ton tankers from sewerage plants in and around London and spread or injected into the soil by the newly-acquired Ag-Gator 2004 vehicles which are manufactured by the Ag-Chem Equipment Company in Minneapolis, U.S.A., and marketed in Britain by BTB Engineering of Blackburn, Lancashire.

● RESEARCH

Pipe cutting experiments

LEAFIELDS Engineering Limited carried out tests on explosive cutting systems at the new underwater centre opened recently by Underwater Trials at Limehillock Quarry close to Peterhead Aberdeenshire.

Leafields was showing for an oil company client how an 80 *lb linear explosive cutting* charge could sever a length of 32 in pipe line of three-quarter inch wall thickness, covered by a quarter inch bitumen wrap and two inch thick concrete coating.

The test piece, mounted on a specially developed rig, was lowered to the quarry bottom for the trials by a heavy duty pontoon and "A" Frame which will form part of UTL's standard trials equipment inventory at Limehillock.

Further explosive trials will *be carried out* by Leafields as part of an on-going performance repeatability programme.

Underwater Trials, Unit 1, Decmouth Centre, South Esplanade East, Aberdeen. 0224 878696.

● ELECTRONICS

New Hitachi component

CLAIMING a world first in the successful development of a high capacity programmable read-only memory of the electrically erasable type, Hitachi has announced that it will go into volume commercial production for the home and overseas markets in the third quarter this year, while sample quantities will very shortly be available.

With 16 kilobits capacity against 8 kilobits for the existing comparable device and an access time of 350 nanoseconds (maximum) or 250 typical against 650 for the latter, or 450 nanoseconds for the fastest ultraviolet erasable device, the Hitachi programmable offers a great deal to designers and builders of micro and minicomputers, cash registers, controllers, etc.

The company is also claiming a tendfold increase in the maximum number of writing and erasing cycles (compared with EPROM) to 1000 cycles and ability to retain data for better than ten years at a temperature of 85 degrees C.

The last point is of considerable importance where operational and instruction data has to be safeguarded against power failures.

To achieve these advances in the performance of the component, Hitachi has developed its own production process—metal nitride oxide semiconductor—primarily because of the importance it is attaching to the anticipated effects of the device on the memory market in general.

Simultaneously with the announcement of the new EEPROM, the company has launched three new microcomputers and a peripheral device for use with micros.

Hitachi Electronic Components (UK), P.I.E. Building, 2 Rubastic Road, Southall, Middlesex UB2 5LL. 01-574 0732.

● PROCESSING

Trial run freeze dryers

FIRST of their size to offer all the capabilities, facilities and options of full-scale production plant, including steam sterilisation, are a group of pilot dryers designed by Edwards to comply with the new international DIN standards for shelf size.

Condenser temperatures as low as minus 80C can be obtained using R 13bl refrigerant, and although the basic model measures only about 3 feet wide by 5 feet 6 inches high, full automation can be provided not only of the entire freezing and drying cycles but also of stoppering, defrosting and loading and unloading.

Programmes generated on an optional auto-control system are directly transferable to production plant and a wide range of recorders and controllers is available.

The machines are thus suitable for laboratory research but also for pre-production development work with high value or potentially dangerous loads.

Models can be supplied as free-standing units or for through-the-wall installations, and can be adapted for freeze drying in bulk, vials or ampoules, or in flasks and bottles via manifolds.

Edwards High Vacuum, Manor Royal, Crawley, RH10 2LW. 0293 28844.

● DATA PROCESSING

Repair and maintenance

LION IS offering a fast turn-around repair and maintenance service for both small business and personal micro computer users. The service will be provided on an "over the counter" basis at Lion Micro's Computer Centre in Tottenham Court Road, London.

Lion guarantees to provide a 24-hour turn around to their repair and maintenance customers. If a repair takes longer than this period due to non-availability of spares or other such eventualities then Lion will provide the customer with a replacement system on loan, free of charge.

Repair and maintenance service is to be made available to all micro computer users but is initially limited to certain systems. These are the Commodore Pet, ITT 20 20, and ACT 800. This service will also be provided for the TI 100 and Newbury 8300R printers and CompuThink disc drives.

A "one-time" £25.00 registration charge is made for those users who wish to take advantage of the Lion service. This charge does not apply to users who have purchased their hardware from Lion. The annual charge will be dependant on the configuration of the system for example a 32F Pet—£64.85 per annum, the Newbury 8300R printer—£49.70 per annum. Although each individual item of hardware has a set charge, the charge for configuration would be lower than the sum of that for the individual items.

Lion Microcomputers at 227 Tottenham Court Road, London W1P 0HX. 01-580 7383.

Systems for industry and defence

ADA TECHNOLOGY will be the key to the defence and industrial systems markets of the future a spokesman for "The Ada Consortium," has asserted.

The consortium, comprising Software Sciences, Systems Designers and Systems Programming has been formed to undertake work on the Ada real-time programming language being developed by the U.S. Department of Defence.

According to the consortium, the Ada language, adopted by the DoD following extensive international consultation and competition, represents a "revolutionary" step forward in programming language technology. Ada has been forecast as the standard language for defence system from the mid-80s.

It is the first practical language to include data abstraction and so reap the fruits of the research of the 70s. Moreover, through Ada, there will be the opportunity to develop a much larger market for portable software packages. It is vital, therefore, in the view of the Consortium, that UK systems companies have home-market based Ada tools to compete against U.S. and European products.

In the UK the consortium sees the prime mover in developing Ada as the MoD, which is expected — as with Coral 66 in the late 60s and 70s — to produce and apply the language for its own use for operational defence applications. The Consortium has been in close consultation with the MoD and the DoD for over two years and is currently engaged in a number of open research projects in Ada technology. The MoD funded the report published by the consortium on the programming environment for Ada.

British software companies are world leaders in software and language technology, and the consortium, with some of the best of these companies, is confident that it has the capability to produce a system builder's tool to compete with the best the U.S. can offer.

SPL on 0325 24112.

● HANDLING

Tail lifts for trucks and vans

SELF-CONTAINED, a bolt-on tail lift assembly of established Swedish design is to be manufactured in Britain by a new company, Ray Smith (Tail Lifts), subsidiary of Peterborough-based Ray Smith Demountables.

The Scan tail-lift, which holds a 20 per cent share in the Swedish market will be made in two capacities—1-tonne and 1½-tonne — weighing respectively 335 kg and 450 kg.

Among the technical advantages are an unusually deep platform (4 ft) as standard, full hydraulic operation, an absence of lifting cables or flexible pipes, and enclosed electro-hydraulic power pack and a facility for controlling the slope of the platform so that it can be used on hills or as a bridge plate between truck and loading dock. The tail-lift imposes no restriction on the widths of the door aperture in van bodies, and it is equally suitable for use with open bodies.

Ray Smith (Tail Lifts), Botolph Bridge, Oundle Road, Peterborough PE2 9QP. 0733 46524.

JOBS COLUMN, APPOINTMENTS

The unacceptable mask of executive search

BY MICHAEL DIXON

THE MORE important the job to be filled, the more obscure is the process of filling it.

Nobody contradicted that description of British recruiting customs when it was voiced by personnel consultant Dick Stokes the other day at the Institute of Personnel Management's London conference.

The managers in the audience no doubt knew from experience that when apprentices and the like are being chosen, the process of selection tends to be *laid down in writing and to* include tests as well as interviews. And if those at the conference were not personally familiar with the contrasting tendency of selection for top-level posts to be shrouded in mystery, there was an example ready to hand in the appointment of Ian MacGregor to head the British Steel Corporation.

The Jobs Column wishes him every success, of course. But there are at least two mysteries about his appointment

*One is that, however mana*gerially qualified he may be in other ways, Mr. MacGregor lacks any experience of industrial relations in Britain.

The second mystery is that when British Steel's retiring chairman Sir Charles Villiers was chosen for the post some five years ago, the unsuccessful candidates included Mr. MacGregor. I understand that he was finally dropped from the shortlist because he was considered unsuitable. Since his competence can hardly have altered materially in the meantime, the significant factor in his now being deemed "the best possible candidate" seems likely to be the change of Government. But why should someone evidently unacceptable to the former Labour Ministers, be welcomed by their Conservative successors to the tune of paying a £1.8m transfer fee to his present employer, Lazard Freres of New York?

The key to both mysteries *may lie in the present Govern*ment's view that industrial relations should not have Sacred-Cow status in the running of the economy. And I would not question the Conservative Ministers' entitlement to act on that view at governmental level.

But the running of a company is surely a different matter. In the course of writing this column I talk to many people offering line-management jobs in British manufacturing industry, and when I ask them *if overseas candidates would be* considered, their reply is virtually always: "Not unless they have recent experience of industrial relations in this country." So the Government plainly disagrees with the bulk of practising recruiters if it thinks that the effective management of British Steel is unlikely to be hindered by its new chief's lack of industrial-relations experience.

Unfortunately, it is impossible to clear up such mysteries satisfactorily, because the criteria for and the process of selection were shrouded in secrecy despite the job's being of legitimate public interest. Like more and more senior posts—the majority of which are of interest at least to share*holders and employees of the* organisation concerned — the British Steel job was filled by the confidential, personal-approach method of executive search.

Now I have every respect for Russell Reynolds Associates, which netted Mr. MacGregor, and for the numerous other truly professional executive-search concerns. Without doubt the efficiency of the personal-approach device in the hands of such companies is a major reason why search has gained a growing share of the recruitment market for managers and specialists

But two other things are equally clear. One is that the search method attracts a fair number of employers *seeking* senior people, not so much by being efficient, as by being clandestine. For example, the growing use of executive-search cannot be entirely unconnected with the legislation against discrimination by race or sex. It is also clear that while there are reputable search concerns which would have no truck with any assignment involving the breach of these laws, there are others which are not so scrupulous. As Dick Stokes said at the Institute of Personnel Management's conference: "Name your pet prejudice, and some headhunter somewhere will apply it for you, swiftly and secretly."

Accordingly, he felt that the executive-search fraternity were *desperately in need of a pro*fessional code of practice. I could hardly agree more. It is plainly in the reputable search concerns' interest to get together quickly to establish one, if possible persuading the Institue of Personnel Management to enjoin its members not to engage executive-searchers who were not on the professionally approved list.

Until adequate standards of behaviour and staff-qualification are publicly established, however, no employing organisation which engages a search practitioner can be entirely proof against the suspicion that it is doing so to cover up some dubious purpose. Whether or not a private-enterprise com*pany chooses to take that risk* is, of course, that company's own affair. But I doubt that State-owned concerns should risk the suspicion. To my mind, those which decide to retain searchers should at least issue a public statement of why the method is being used and of the qualifications considered essential for the job in question. And where the post is as much a matter of national interest as is the chairmanship of British Steel, I feel that the names of the people on the final short-list should also *be made available to the public.*

Had the Government taken those steps during the search for Sir Charles Villiers's successor, there would not have been so much disquiet—not least among the workers and middle *managers of British Steel*—about Mr. MacGregor's appointment. Nor would Ministers be so prone to the charge of practising closed government, while preaching precisely the opposite.

Turner-round

"WHAT, no transfer fee?," I exclaimed. Geoffrey King of Cambridge Recruitment Consultants silently shook his head.

"Not even a donation towards a new potted plant to freshen the replacement executive's filing cabinet?," I insisted. He shook his head again.

"In that case," I said, "couldn't you have picked a better time to come to market for a manager to turn round an ailing company?"

No, Mr. King replied, he couldn't. The need was urgent. Besides, the job in question was not for someone already at the top of the tree like Mr. MacGregor, although it was an opportunity for someone to take a step in the same direction.

The post is the managing directorship of a biggish group's subsidiary based in the north of England. (Since Geoffrey King may not name the employer, he promises to honour any applicant's request *not to be identified to his client* until permission is given.) And the prime task of the job is to restore the sense of purpose of the subsidiary company, which has about 200 employees and a turnover of £7m in timber and *associated products.*

"The requirement is for a person who can revitalise the existing company. Both its marketing and its manufacturing are crying out for much better planning. But the priority is *to give a lead from the sales* side so that the company will have something tangible on which to base increased output."

So candidates should have risen into marketing—management by dint of success in selling. Experience in manufacturing industry is also wanted, as of course is an understanding of industrial relations in the broad sense. The age indicator is about 35.

The starting salary will be no more than £15,000 or so, but the *bonus arrangement* will be set to reward success handsomely. Other perks include a car. Inquiries to Mr. King at 1a Rose Crescent, Cambridge CB2 3LL; telephone 0223 311316.

By the way, I once again apologise to readers who receive the editions of the Financial Times printed in Frankfurt, for repeating the report of the turn-round job. For the second time in recent weeks, a dispute prevented the London editions of the paper from appearing.

هكذا من الأصل

Hoggett Bowers
Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM and SHEFFIELD

Pentos
Pentos Garden and Leisure Products Group

This highly successful Public Company wishes to make two senior appointments within its rapidly expanding Garden and Leisure Division.

Managing Director

Bristol, negotiable from £16,000 + car, + profit share + share options

For Caseys Camping Ltd., the country's leading camping specialist for over 20 years. The company operates indoor and outdoor retail centres at some 40 locations throughout England and Wales, together with a world-wide Mail Order service. Reporting to the Group Chief Executive, the main responsibilities will be to maximise profits within the existing business and to expand the operation both internally and by acquisition. Candidates, aged 30-45, should have held a position of profit responsibility within the retail industry and have a strong financial background. An excellent remuneration package will be negotiated and career prospects within this forward thinking Group are exceptional.
Ref: 35116/FT.

Financial Director

Kent, c. £15,000 + car

Reporting to the Group Chief Executive, the Financial Director will be responsible for the direction and control of the financial affairs of the companies within the division, which embrace manufacturing, wholesaling and retailing. The major subsidiaries are Halls Homes & Gardens — leaders in greenhouses, Tudor Garden Products, Gardencast Aluminium Furniture, Caseys Camping and Barker Ellis Silver Co. Key areas of involvement will be in acquisitions and the further development of effective accounting and administrative systems and procedures. Equally important will be the personal influence exerted over the Company M.D.'s and Financial Controllers to achieve the maximisation of their resources and the compliance with Group plans. Candidates, aged 32-40, should have a proven track record in senior financial management and be used to operating in a fast moving environment. Career prospects are excellent and include the opportunity to move into general management.
Ref: 35117/FT.

Male or female candidates should telephone in confidence for a Personal History Form, quoting appropriate reference to: R.R. Varley, BIRMINGHAM: 021-622 2961, *Albany House, Hurst Street, B5 4BD.*

Treasury Consultancy
International Banking

Bank of America, the world's largest international bank, is seeking two Treasury Consultants to join its City-based International Treasury Services Group.

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Prospects for career development are excellent, and a competitive salary will be augmented by an attractive range of fringe benefits including low-interest mortgage, non-contributory pension and free BUPA.

Write, in strict confidence, with full personal, career and salary details to:— A. J. Tucker, Recruitment Officer, Bank of America NT & SA, 25 Cannon Street, London EC4P 4HN.

BANK OF AMERICA

THAMES POLYTECHNIC
School of Business Administration
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A Senior Lectureship in Accounting and Finance is available from 1st September 1980. Candidates should have either a first and/or higher degree in Accounting and an interest in research or a professional qualification and experience in corporate planning and capital budgeting.
Salary scales—Lecturer Grade II: £5,415-£8,295 (inclusive): Senior Lecturer: £7,701-£8,889 (bar)-£9,480 (inclusive).

Further particulars and application form from:
The Staffing Officer,
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to be returned by 20th May, 1980

Group Financial Controller

North Surrey — **to £16,000 + car**

Our clients are a well established and profitable private group of companies (T/O £40m) *engaged in sophisticated up-market areas of the motor trade and precision* engineering. During the last two years considerable expansion and development has been achieved and this appointment provides the concluding element of a new management team which has been assembled to capitalise on new opportunities that are opening up. The position reports to the Group Managing Director and, although the development of reporting techniques and supporting systems (including further computerisation) are important features of the job, the Controller's main contribution is expected to be in areas of financial planning and the evaluation of commercial opportunities. The job, therefore, calls for a Chartered Accountant, aged early 30's, who is technically well-equipped but who wants to develop a broad business-oriented career. Ref. 1154/FT.
Apply to R. P. CARPENTER, FCA, FCMA, ACIS, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel. 01-636 0761.

Phillips & Carpenter
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Financial Controller
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Financial Controller
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Ellerman Travel is presently a £40M turnover business, with 65 retail branches through England and Scotland.
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- The preparation and analysis of monthly financial information covering profit and loss, cash flow and balance sheet, instigating management action as necessary.
- Provide guidelines for and manage the annual budget cycle, following up with tight budgetary control.
- Implement and develop financial planning, using computer modelling.
- Carry out all investment appraisal as required, using D.C.F. providing financial assessment for all commercial decision making.
- Ensure high standards of accounting, effecting improvements as required in standards or systems.

The persons appointed will be experienced, qualified accountants or business graduates with at least 5 years post-qualifying experience in a commercial environment, with an ability to demonstrate extensive experience in financial management accounting systems and forward planning. A proven track record in operating as an influential member of a senior management team will be essential.
Together with an attractive salary, benefits include a Company car, relocation expenses, generous holiday concessions, 4 weeks annual holiday entitlement and a contributory pension scheme.
Applications in writing with full c.v. to:—
C Harkus Esq
Divisional Personnel Manager
Ellerman Travel & Leisure Limited
Windsor House, 250 St Vincent Street
GLASGOW G2 5SB

Ellerman Travel & Leisure Ltd

TREASURER'S DEPARTMENT

Principal Investment Administrative Officer

Grade POIB
POST REF. T35 Salary £7722-£8574

Applications are invited from a qualified accountant/ chartered secretary to take charge of the accounting function of, and to undertake administrative duties in, the Investment Section of the County's Investment Section. The person appointed would preferably have had investment accounting experience.

The Investments have a value in excess of £125m and are managed in-house. In addtion to quoted UK and overseas securities, the Fund holds direct property investments and shares in unlisted companies.

Further details may be obtained from Bob Pohnston, Deputy County Treasurer, Extension 144 or *Arthur Phillips, Chief Investment and Loans Officer,* Extension 269.

Closing date for applications will be 16th May, 1980.

Please write or telephone for an application form quoting post reference T35 to the Chief Executive (Personnel). South Yorkshire County Council, County Hall, Barnsley S70 2TN. Telephone Barnsley (0226) 86141 Ext. 266.

South Yorkshire County Council
SETTING THE PACE

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ema

NEWLY QUALIFIED
Aged 25-30

S.E. London — **to £9500**

Reporting to the Financial Controller, the Accountant will act as his assistant and will take responsibility for the majority of the accounting and finance function. Supervising a staff of 6, he or she will further develop the computerised systems, assist with the preparation of budgets and gain experience in all areas of business management.

Manufacturing and marketing industrial coatings our client is a rapidly expanding and profitable US subsidiary. Current activities are in the UK and France and further expansion is planned. Applicants should be qualified accountants from the profession or industry. Please telephone or write to Stephen Blaney B.Comm, FCA quoting reference I/1976.

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn, London, WC1V 6LR
Telephone: 01-242 7773

Systems Development Accountant

North West — **c.£11,500 p.a.**

This is an extremely challenging opportunity with a progressive organisation which has already embarked on a massive development programme. The need for continuous review of financial and management control throughout the enterprise is fully appreciated. A strong professional team is being appointed to undertake periodic scrutiny of systems of accounting and the utilisation of present and future computer facilities.

Candidates, male or female, 25-40, should be qualified accountants with experience of budgetary control and management reporting in a sophisticated industrial environment, either through *industrial or professional* exposure. They will be imaginative and of enquiring mind and now wish to apply their expertise in practical terms to all aspects of the control of business costs, whether development, engineering, manufacturing, stock or product. The company is planning management succession, and promotion prospects are thus above average.

Relocation assistance is available where appropriate.

Apply for an application form, quoting reference P.129A, to ERP International Recruitment Limited, Clemence House, St. Werburgh Street, Chester, CH1 2DY. Telephone 0244-317886 (ansafone after 5 p.m.)

Offices in London, Chester, Jeddah, Amsterdam, Brussels, Milan, Paris

ERP INTERNATIONAL

CHIEF ACCOUNTANT
CONTROLLER
GULF

Investment company located in the Gulf requires an experienced Controller.

Must be Chartered Accountant or C.P.A. with approximately ten years' experience in all accounting and administrative area, with experience at managerial level. Treasury management experience with foreign exchange deposits and bank relations desirable. Arabic language capability would be an advantage.

Tax free compensation would provide a salary in the £35,000 range with additional allowances for housing and transportation.

Qualified applicants are urged to send their c.v.s to us without delay.

*Write Box A.7129, Financial Times
10 Cannon Street, EC4P 4BY*

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ap Senior Appointments

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ACCOUNTANCY PERSONNEL SENIOR APPOINTMENTS
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DG David Grove Associates
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Telephone 01-236 0640

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One foreign langauge preferable.

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J·I·B

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Please write giving full career details to Mr. D. R. Parker, Japan International Bank Limited, 7/8 King Street, London EC2V 8DX.

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for its European operations headquarters in Switzerland

He must be capable of assuming responsibility for European operations comprising manufacturing research and development in several countries in addition to a Europe-wide marketing and commercial network of associated companies and distributors.

Applicants should have a strong marketing background and top management experience preferably acquired in an industrial environment. The position requires a strong personality, combining organisation talent, drive and flexibility, and a demonstrated ability to lead and motivate. Fluency in English, French and German essential.

Top executive compensation package including incentives is offered with opportunity for further personal growth.

Detailed handwritten resumés should be sent in confidence to:
9521 L à ofa, Orell Fussli Publicité SA,
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The successful candidate will join a small central team reporting to the Finance Director. He/she will be responsible for reviewing and recommending improvements to management accounting and information systems throughout the Group — with the objective of ensuring their effective and efficient operation.

Ideally qualified accountants in their late 20's/early 30's, applicants must have gained at least 2/3 years experience since qualifying in public practice or industry, and this should include the development of management accounting systems. They must be capable of working independently and of dealing effectively with senior management from a wide variety of disciplines.

For detailed information and a personal history form please contact Liam E. Fitzpatrick, A.C.M.A., 410 Strand, London WC2R 0NS, telephone number 01-836 9501, quoting reference: 2868.

DOUGLAS LLAMBIAS
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A leading US multinational in the Fortune top 30 seeks two young qualified accountants for their London office. These are career appointments.

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Roland Orr
Management Consultants
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Relocation assistance will be given where appropriate to an attractive rural area of the Midlands.

The posts will involve some overseas travel within Europe.

REF: B9681/FT

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

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PA

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Chartered Accountant
Quotations Department

The Accountant will act as Assistant Manager of a small professional team concerned primarily with applications for listing, but also responsible for general policy guidance to senior managers *on developments in current legislation and accounting practice.* The work involves extensive contact with company boards, advisers, merchant bankers and brokers.

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Salary will be negotiable around £12,000 and a comprehensive benefits package includes non-contributory pension and disability schemes, fully paid season ticket scheme, and five weeks' annual holiday.

Please write fully, or telephone for an application form, to Phil Mountford, Manager: Personnel Services, The Stock Exchange, London EC2N 1HP (01-588 2355 extension 8086).

The Stock Exchange

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Age is not a primary consideration – although it is unlikely that anyone under 40 will have the depth of experience and track record required.

Experience of work in a large local authority would be helpful; but so would a background in any large organisation in the private or public sector.

Private medical insurance and a leased car are included in the benefits package: and financial help with relocation is available.

Please write for further details and an application form to the County Personnel Officer, County Hall, Maidstone (or ring 0622-671411 ext. 3518). Closing date 27th May.

KENT COUNTY COUNCIL

Scrimgeour, Kemp-Gee & Co
Members of The Stock Exchange

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To join Colin Fell in the extension of Scrimgeour, Kemp-Gee's research coverage of the Engineering industries. At least a couple of years experience of investment analysis is preferable and candidates of the quality we seek must be capable of developing their own specialisations within the broad category of the Engineering and Industrial sectors. An excellent opportunity with good career prospects and fully competitive remuneration.

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Candidates should be AIB preferably, or possibly ACA, MBA or BSc (Econ). They will be aged in their late twenties to mid-thirties and will have had several years of appropriate broad based banking experience. For the Regional Manager this experience must have been gained in British banking methods; the Funds Manager may have a British, European or American background.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Flights of fancy but with feet on the ground

Arthur Sandles talks to a survivor in the travel industry

THE INITIAL surprise that Lord (Lew) Grade's Associated Communications Corporation (ACC) should be acquired a stake in a prosperous but, lets face it, small travel company operating out of a suburban Sussex office block is lessened somewhat after a meeting with Reg Pycroft, owner of the company in question, Jetsave. Pycroft glows with that entrepreneurial bonhomie which seems peculiar to individualists who have taken risks and succeeded. Grade, always a map to avoid paper work and back a good track record, would clearly take to an organisation which so savagely avoids administrative spare tyres.

Jetsave made its name in the Advanced Booking Charter business, flying Britons to the U.S. in the days when the only inexpensive way of doing this was to observe a forest of regulations devised by the British Civil Aviation Authority and the North American Civil Aeronautics Board. Jetsave, which is entirely dedicated to the U.S. market, nearly fell on its corporate face when both these bodies suddenly U-turned into the newly fashionable business of de-regulation. The fact that it is still there is something of a tribute to the Pycroft ingenuity.

Charter operating was the big boom business of the early 1970s. Scheduled airlines had yet to be infected with enthusiasm for cut-priced ticketing and it was the charter companies which offered the sort of prices that tourists could afford. For a time there was anarchy, with bucket-shop retailers offering charter tickets which involved membership of non-existent clubs (affinity groups) and used ageing 707 jets which flew from fringe airports at unlikely hours. The CAA, with support from the CAB, pushed through its own ideas for Advance Booking Charters (ABCs), which did not involve joining anything but did require a degree of forward booking.

Almost overnight the bucket shops disappeare dand a new crop of licensed advance booking charter operators moved in. Operators chartered aircraft on their own account and then sold tickets to the public. Once the scheduled carriers saw the size of the market they produced their own versions of mass-market ticketing. The competition from British Airways, Pan American, and TWA was too much for most. Today only Freddie Laker and Pycroft's Jetsave are of any real size in the business, and most ABC brochures you see under other banners are, in fact, using their aircraft of its own, it sells tickets for use on other airlines' hardware.

Last year Pycroft's Jetsave could claim to be the third largest carrier of British tourists to the U.S., after British Airways and Laker. This year, with the explosion of package tourism, he could face rival claimants.

New aggression from the scheduled carriers was not all that Pycroft had to face last year, one that many in th eairline business would prefer to forget. "They say lightning never strikes the same place twice. Well it struck us about ten times last summer." The more obvious hits were a fuel crisis which added vastly to costs and made supplies extremely difficult to find, and a strike which grounded the main Jetsave carrier to the U.S., World Airways, for much of the main summer season.

"I'll tell you something. There'll be no new Rolls for me this year," Pycroft says.

Pycroft's management style gives the appearance of benevolent, if highly disciplined, dictatorship. His office accommodation is in workmanlike modern style, neither spartan nor luxurious. There are five management sub-divisions: accounts, sales, operations, research and hotel contracting. Total sta peaks at 130, for a turnover which this year may approach £30m. Only six, including Pycroft, are of management status. The similarity to ACC's own way of handling things is striking.

Pycroft, a fit looking 43 is long term airline man. He was, for example, area manager for Eagle Airways in Florida when that company collapsed in one of the more spectacular 1960s travel financial disasters.

Glyn Genin

Reg Pycroft: "There'll be no new Rolls for me this year"

It looks as if he may now be bending the rule he then made, when he found himself a lone Englishman, stranded in Miami Beach. "I had learned my lesson. It was this: no matter how big your job, if you don't own the company you are exposed. I was not going to be caught again."

He quickly moved into air brokering at the Baltic Exchange—the back-room business of making sure that the sellers of aircraft seats meet the buyers and then smelt the winds of change as the old affinity charter rules began to fal linto disrepute.

"I reckoned the CAA was going to act. I took a gamble on what it would do and when it would do it, so I anticipated its action. I scratched together everything I could. I signed contracts with airlines, I had brochures printed. Then I heard that the CAA was having a Press conference on October 10, 1973. The date is engraved on my heart. I timed my Press conference for mid-day the same day."

If the CAA had not been announcing a virtual end of affinity charters, and a switch to advance booking charters, Pycroft would have been back as an employee for someone—and an employee with a large portion of debt around his neck.

As it was, "Lord Boyd Carpenter (chairman of the CAA) was holding my brochure in his hand when he made the announcement. Most of the journalists in the room had by brochure. It took three weeks before my rivals could react. By that time I was the market leader. And who was I? Just one man. Nothing."

On paper that sort of statement looks pompous and strongly laced with arrogance. In person, however, Pycroft has a way of saying the "arrogant" with a self-effacing grin. He is popular in any industry which needs close co-operation but thrives on gossip and backstabbing. It is this charm, allied to a considerable helping of good fortune, which has helped him through some trying times.

But in 1974, the Pycroft luck looked like running out when financial constraints were placed on package tour companies which made some of the smaller independents squeak with combined rage and embarrassment.

That was the year in which the British travel industry was racked with the death throws of two tour operating giants, Horizon and Clarksons. The CAA, as the controlling body of both tour operators and airlines, was in the thick of it. "It had been heavily criticised for not doing enough to protect the consumer," says Pycroft. "And it was determined to do something abolt it."

The something the CAA did was to introduce a bonding system which inevitably favoured the asset rich major companies. For operators like Pycroft it meant producing a bankable bond of 15 per cent of projected turnover which had to be lodged with the CAA. In Jetsave's case this meant raising £1.5m. "I simply did not have anything like that sort of money," he says. "If I had, at that time, I would probably have dropped out to the South of France."

What he did instead was to approach the CA Awith a novel scheme, for Britain at least. Under this scheme Jetsave was to waive all access to its customers' money until after they had cmpleted their holidays. Cash flow is normally a crucial part of a travel company's calculations. Tour companies normally collect ful payment for their package tours six to nine weeks before departure but do not pay for beds in hotels until some 30 days after the clients' return.

As it emerged the CAA was delighted to five the scheme—known as "escrow" and widely practised in North America—a try. It, too, was embarrassed by accusations that bonding favours such companies as Thomson which, the industry often jibes, "can always mortgage a newspaper or an oil well" and restricts the small companies which see the chance of sudden expansion.

It seems now that escrow has worked in Pycroft's favour if only because of the considerable financial burden it places upon Jetsave. "It means that we know exactly what the position is on every flight. It means we have to watch things a bloody sight closer. We know precisely how much money we are making, or losing, on it. And if it's losing, we pull out al the stops to change that." Flying a 737 to California and back involves high-season costs of about £120,000, so the potential for heavy losses is considerable.

It also means, however, that when Lord Grade's accountants moved in to examine the Jetsave books they were able to see an operation considerably less complicated than many in the travel business—as Court Line found to its cost when it took over Clarksons.

There is no doubt that life in the travel business over the North Atlantic is again changing considerably and whether or not Lord Grade will find he has made a wise move into it at this stage is going to depend once more on Pycroft's ability to swim with new tides.

In the past year or so he has swung much of his marketing effort into package tours, as well as his basic advanced booking charters. He is very active in the bargain basement area of Southern Florida and, after his adventures with other airlines, he is now the holder of long contracts with British Airways, Trans America, and Canada's CP Air.

Pycroft has so far managed to spot the changes in the travel wind. At the moment his main bet seems to be that some competitors have underestimated the qualitative demands of clients and will actually shy away from some of the current cut-price American offerings.

The Jetsave programme started in 1973 with 28,000 seats. Last year the company sold around 250,000 seats and had a turnover of £25m. With fuel prices, the value of the dollar and the strength of the UK economy uncertain, there are still question marks over North American travel.

But Reg Pycroft, and now Lord Grade, think these questions can be swept aside. If enthusiasm can do it they are probably right.

Management abstracts

These summaries are condensed from the journals of abstracts published by Anbar Management Publications. Readers wishing to consult original texts should write to: PO Box 23, Wembley HA9 8DJ.

Graduate Selection. T Keenan in Accountany Ireland (Eire), Dec. 79: p. 27 (5 pages).

Draws on research to show that the majority of UK graduate recruiters have had no trainig in interviewing skills, have a misplaced confidence in their own judgment, and are swayed by personal feelings towards candidates; provides hints on how graduate interviewing can be improved through, e.g., better pre-interview planning in order to establish the attributes wanted from candidates, and greater willingness to move the discussion into the interviewee's areas of knowledge.

Manners are Good Business. L. Baldrige in Across the Board (U.S.), Dec. 79: p. 13 (6 pages).

Offers advice on office manners under such headings as answering the telephone, handling executive visitors, the use of "Ms," and office party behaviour: lists do's and don'ts (e.g. "do be a neat smoker").

How to Test the Sales Effects of Advertising. C. O'Herlihy in Admap (UK), Jan. 80: p. 32 (4 pages).

Opines that most issues in advertising are amenable to scientific appraisal through testing: outlines the statistical concepts involved, and lists the parameters in a campaign that can be measured, e.g. media allocation. Suggests that intermediate measures of advertising effect such as "recall" and "intention to buy" are not sufficiently direct and can be misleading; argues for the adoption of sales figures as the only valid criteria for testing.

Corporate Audit Committees. R. K. Mautz and R. D. Neary in The Journal of Accountancy (U.S.), Oct. 79: p. 83 (6 pages).

Points to the growing use of audit committees and broadly welcomes the trend; warns, however, that the Securities and Exchange Commission — and others who call for stronger monitoring of business activities—seem to be pressing for audit committees to assume responsibilities well beyond those originally envisaged; argues that this expanded role nvolves so much time and technical expertise that the supply of non-executives capable of providing this falls well short of demand; makes a plea for moderation.

The Prospect for Peer Reviews. D. Flint in The Accountant's Magazine (Scotland), Feb. 80: p. 63 (4 pages).

Explores reasons why the peer review has become a prominent feature of the U.S. auditing scene; notes differences between U.S. and UK in the pattern of legislative and self-disciplinary control: sees no comparable pressure in UK for the introduction of peer reviews and questions whether, if peer reviews must come, it is right to leave them within the internal control of the profession.

Business Travel. R. H. Rotenberg and E. Shrier in The Business Quarterly (Canada), Winter 79: p. 43 (6 pages, tables).

Discusses how the physiological and psychological effects of prolonged air travel can affect a marketing executive's work style and efficiency, either directly or indirectly because of its effects on personal relationships, and suggests what management can do about it.

The Office Building of the Future. E. Sieverts in Bürotechnik (Fed. Rep. of Germany), Dec. 79: p. 1452 (6 pages, illus., diags., plans, tables; in German, English version available).

An architect demonstrates how the long battle between the advocates of cellular offices and the office landscapers has ended in a draw, and how "everyone" is now agreed that what is wanted is the "group office" in a "reversible" building.

Developing an Employee Communications Policy through Research. T. K. Reeves in Journal of European Industrial Training (UK), Vol. 3, No. 7: p. 4 (5 pages, tables).

Describes a study in a large unnamed company to ascertain what information employees wanted to have about their company; tabulates the kinds of information sought by employees in order of priority; suggests that such research can provide management with a starting point for communications policy, but only that.

The Financial and Emotional Sides of Selling a Company. M. G. Berolzheimer in Harvard Business Review (U.S.), Jan./Feb. 80: p. 6 (5 pages).

The former owner of a family business, Duraflame (processed fireplace logs) outlines considerations, both personal and financial, which led him to sell out; points to principles he deduced as a preliminary to initiating the sale process, and describes the strategies he developed to find a buyer, negotiate terms and conclude the transaction.

LOMBARD

Breeding like rabbits

BY MALCOLM RUTHERFORD

SEVERAL years ago Mr. Jimmy Carter, then Governor of Georgia, was travelling to Bonn to seek German investment in his state. *En route* he read a report in the *Financial Times*, the source of which was the chairman of Volkswagen, which said that VW was leaning towards establishing its American assembly plant in or around Atlanta, Georgia.

One remembers the story for two reasons. The first was the zest with which Mr. Carter set about pursuing the investment; he was immediately in touch with all the relevant authorities. The second was the response of Mr. Jurek Martin, now the paper's U.S. Editor, when I rang him up and asked: "Who is Jimmy Carter?" "Oh," he said, "he's a possible future President."

Dollar

In the event the investment finally went elsewhere — to New Stanton, Pennsylvania. VW chose an old Chrysler site, the construction of which had never been completed, and received considerable financial assistance from Pennsylvania government agencies. The first VW Rabbit, or what we in Britain know as the Golf, came off the lines in 1978.

Today VW is the only car company in America which is actually increasing production. Far from closing down plants, it is preparing to build a new one in Michigan.

There is a moral here somewhere, especially perhaps for the Japanese. The main reason why VW began production in the U.S. was the decline of the dollar and the appreciation of the Dmark. In 1969 the dollar was still worth DM 4. By 1973 the rate had fallen to DM 2.4. In 1970 VW exports to the U.S. achieved a record of nearly 570,000 units. By 1976 there was a record low of just over 200,000. The choice in the intervening years was whether to produce in the U.S. or to risk losing the American market.

The Japanese car producers are under rather different pressures. It is not the exchange rate that bothers them. Despite the appreciation of the yen over the years, the Toyotas and the Datsuns have gone on selling. The threat to their continued success comes from the possibility of import controls. But the choice for the Japanese may be the same as it was for VW:

VW is very reluctant to talk about the profitability of its American enterprise, though the fact that it has now decided to build a second plant suggests that there are few regrets about the original investment. More interesting are some of the lessons that have been learned along the way. The plant at New Stanton is not heavily automated: the use of robots is to come later. What VW did was to draw on the local pool of unemployed, quite a lot of whom were university graduates who had never had a job. The selection standards were *rigorous*. There were about 60,000 applications for some 5,000 assembly line places. About 45,000 were dismissed as being unsuitable in one way or another.

The result is that New Stanton is an unusually disciplined plant by American standards. Absenteeism is about half that of the main American car companies. Output per man hour is higher than at VW Germany. The average age of the work force is only 28. Yet New Stanton is regarded by its employees as primarily an American concern; the Germans who came to supervise at the start have all gone home.

Control

It may sound arrogant to American ears, but one of the reasons why VW hesitated about *investment in the U.S. was fears* about quality control. The Japanese are the same, only more so. As it happened, I went round the New Stanton plant with the car industry correspondent of a major Japanese newspaper. At the beginning, he dismissed questions about Japanese investment in the U.S. with his country's typical politeness. By the end of the day, he was agog. "Quality control," he said, "makes all the difference." Evidently he thought that VW America would be just like General Motors or Chrysler, neither of which had impressed him.

The future of the Japanese car market in the U.S. may depend on how far Japan learns the VW lesson of producing on the spot.

Hopes for industry on Channel Four

FILM AND VIDEO

BY JOHN CHITTOCK

TOWARDS THE end of 1982, Britain will have its fourth broadcast television channel, administered by a newly formed company directly responsible to the Independent Broadcasting Authority. As media buffs know only too well, the fourth UK television channel has generated colourful debate ranging across all parts of the political and social spectrum.

The intention, with which few dou'd disagree, is that the fourth channel should provide a genuinely different kind of programming from that currently available on BBC1, BBC2 and ITV. Indeed, in the words of Mr. William Whitelaw, Home Secretary, when addressing the Royal Television Society last September: "If there is to be *a distinctive service on this* channel it follows, in my estimation, that there must be programmes appealing to, and we hope stimulating, tastes and interests not adequately provided for on the existing channels."

The theme is well taken up by the IBA itself in the January 1980 issue of Independent Broadcasting, where the need to appeal to minority interests is sentibly qualified by the obligation to avoid an elitist style that would deny the channe' large audiences: "It would be fatal if the broad public, the sum of countless special interests, were to feel that it was somehow not *for them*."

For the new programme controller of the fourth channel, this sounds like quite a balancing act. Yet therei s already one area of film and video output where a broad spectrum of minority interests has been satisfied. That activity is the sponsored film (usualy but not invariably emanating from industria' sponsors). Although the technical means available for screening sponsored films (16mm projection) are extremely limited (possibly 100,000 projectors in the whole of the UK) and the tedium involved in mounting a show is considerable, *relatively* large numbers of people turn out to watch minority interest subjects.

A classic example of many years ago was a Shell series on aeronautics, *High Speed Flight*, originally intended for the aviation industry but later to become a very popular series in Shell's library. Last year, British Petroleum's major series of six films, *The History of the Motor Car*, clocked up 1,749 UK library bookings on 16 mm.

Although the penetration of such films is high in terms of the "accessible" audience, the total numbers reached are still tiny compaed with television viewing figures. Last year's 16mm bokings for *The History of the Motor Car*, for example, represented only about 130,000 people—which nonetheless is about three times the annual audience many sponsored films manage to reach by 16mm distribution.

This all begins to make the fourth channel seem a unique and exciting new opportunity for sponsored films—with a possibility of reaching 5m people in just one transmission. Faced with this vastly different scale of audience, sponsoring companies could be encouraged to embark on far more ambitious film and television productions.

There is, of course, a snag. Many people in the television industry, not least the IBA itself, eye the prospect of sponsored films on the fourth channel with suspicion. Even Mr. Whitelaw's assurance to the Royal Television Society, that sponsored material would be accepted on the fourth channel, was later qualified by the Home Office.

There is a generally ill-informed belief that sponsored films are nothing but deviuos vehicles for subtly influencing the public; or worse, there is sometimes confusion with sponsored *programmes* of the kind seen on American television.

Some rather artful sponsored films are made, and the majority are too dull or inappropriate to be shown on television any way. But there are occasional gems, of major public interest, and demonstrating social responsibility of an order often much higher than that displayed by the television broadcasters themselves.

This level of responsibility in sponsorship began with the whole idea of the documentary itself, in the golden age of John Grierson in the 1930s — with films such as the Gas Light and Coke Company's *Housing Problems*, which broke new ground by using lip-synchronised interviews to expose the plight of slum dwellers. The evolution of the documentary film follows this sponsoring thread with other classics, like Robert Flaherty's *Louisiana Story* sponsored by Standard Oil, and post-war the Saul Bass masterpiece for Kaiser Aluminium *Why Man Creates*, Shell's critical probe of chemical pollution *The River Must Live*, and many more.

The enthusiasm for making films of this kind has diminshed in recent years. But enough continues to demonstrate the potential, and some do actually achieve television screenings on BBC and ITV — a challenge to the opponents of sponsored films on Channel Four. Two of my own favourities of recent years have both had TV transmission — *Dockland Rules OK* (sponsored by Leonard and Partners and Bernard Thorpe and Partners), shown on Thames TV as a splendid account of redevelopment plans for the London docks; and Reckitt and Colman's *Fibre the Forgotten Fraction*, which actually filled a BBC2 Horizon slot with its account of health problems caused by Western dietary habits. BP's *History of the Motor Car* series is due to *go out* on Thames TV over a six-week period.

Given the encouragement, it is clear that industry would respond to the opportunities of Channel Four with an unparalleled range of quality films on subjects of key public interest. As one such sponsor, David Robertson of STC, says: "We wouldn't want to see sponsorship in the American sense of paying for air-time, nor would we seek or expect to see overtly promotional films on Channel Four. We'd rather the benefit to the company came from people's reactions to the content and quality of a film."

Both the CBI and the TUC are likewise interested in the possibilities offered by Channel Four. A series, for example, on the state of the economy or on industrial relations would present a new angle on current affairs coverage if it emanated from either or both of these organisations instead of rating-conscious TV companies. And it is not unthinkable that some industrial sponsor would pick up the bill for the production costs of such a series—in the public interest.

The Central Office of Information also sees important opportunities on the fourth channel, especially as an enlarged outlet for its short public service films (known as "fillers" and used currently by ITV in vacant commercial slots). These tackle a variety of health, welfare and safety themes. New and longer programmes could be inspired via the COI, such as a Department of Energy series on do-it-yourself jobs for improving home insulation.

A genuine balancing influence in the public interest could emerge: where public need is as important as titivation, unlike much of the current television coverage where the grabbing of attention is more important than its cultivation. Whether it happens is finally down to the IBA and its willingness to realise that sponsorship is not a wholly dirty word.

Our Home to prove her class

RACING

BY DOMINIC WIGAN

THIS AFTERNOON at York I shall be disappointed if we do not see Our Home proving a cut above her opponents in the *Musidora Stakes and, in the* process, earning herself market position for next month's renewal of England's second oldest Slassic, the Oaks.

Our Home's performance in the 1,000 guineas was, in my opinion, the most noteworthy effort seen at Newmarket by a filly without benefit of a previous run this season. Well-placed from the outset, Our Home seemed sure to take the spoils as she forged into the lead approaching the distance. However, Quick as Lightening was then produced with a *beautifully timed run*, giving Our Home no time to rally.

It is difficult to know whether Michael Stoute's filly would *have proved equal* to the challenge had it been delivered earlier—giving her time to fight back. But there is no doubt that Our Home had been forced to forego a preparatory race owing to a setback in training.

The performance of Our Home, Roussalka's sister, was a highly encouraging one and the Stoutes were quick to pinpoint today's one mile 2½ furlongs event as the filly's next objective. A strong rangy half sister to three other winners, including Etienne Gerard, this bay daughter of Habitat will be well served not only by the trip, but also by the severity of today's course.

I take Our Home to be followed home by Bay Street, another tough filly who, on her las t appearance, battled on *tenaciously to win* Epsom's Princess Elizabeth Stakes.

Ninety minutes before the Musidora, Our Home's rider, *Greville Starkey*, could well initiate a lucrative afternoon for himself by steering El Presidente to success in the five furlongs Tattersall's Yorkshire Stakes.

This sharp early sort produced a useful turn of foot in the hands of Paul Cook when touching off Starkey's partner, Sheba's Glory, in a blanket finish to a Philip Cornes race on 2,000 guineas day. El Presidente will appreciate this course and is preferred to that comfortable Thirsk winner, Gamma.

YORK

2.00—El Presidente**
2.30—Miner's Lamp
3.00—Gold Song
3.30—Our Home***
4.00—Faridella
4.30—Anex
5.00—Legious*

TV Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.35 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 The Flumps. 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Pobol y cwm. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Lassie. 4.40 The Perils of Penelope Pitstop. 5.00 John Craven's Newsround. 5.10 Think of a Number. 5.35 Captain Pugwash.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 Bugs Bunny.
7.05 Sykes (London and South East only).
7.35 Life on Earth.
8.30 Lena starring Lena Zavaroni.
9.00 News.
9.25 The Flying Machines of Ken Wallis.
10.10 Match of the Day: England v Argentina (highlights).
11.10 Platform One.
11.40 News Headlines.
11.42 The Sky at Night.
12.05 am Weather / Regional News.

All Regions as BBC1 except as follows:

Cymru/Wales—10.38-10.58 am I Ysgolion. 5.10-5.40 Bilidowcar. 5.55-6.20 Wales Today. 7.05-7.35 Heddiw. 12.05 am News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 7.05-7.35 Sykes (as London and South East). 11.10-11.40 Current Account. 12.05 am News and Weather for Scotland.

Northern Ireland—10.38-10.58 am For Schools. 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 7.05-7.35 Hello Sunshine. 8.30-9.00 Spotlight on Northern Ireland Affairs.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look Northwest (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 7.05-7.35 East (Norwich) Quidnunc; Midlands (Birmingham) The Garden Makers; North (Leeds) Beneath the Pennines; North East (Newcastle) Spike's Night; North West (Manchester) Contrasts; South (Southampton) The Getaways; South West (Plymouth) Avocet Cruise; West (Bristol) Razzmatazz.

BBC 2

6.40-7.30 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 The Great Egg Race.
7.25 Mid-Evening News.
7.35 The Past at Work.
8.00 The Scientists.
8.25 The Philpott File: Inside a Multinational.
9.00 A Question of Guilt.
9.30 The Enigma Files.
10.20 Top Gear.
10.45 Newsnight.
11.30 The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes. 11.55 The Undersea Adventures of Captain Nemo. 12.00 Cockleshell Bay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Take the High Road. 2.00 After Noon Plus. 2.25 Racing from York. 3.45 The Allan Stewart Tapes. 4.15 Pop Gospel. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Survival.
7.30 The Streets of San Francisco.
8.30 Only When I Laugh.
9.00 Playhouse.
10.00 News.
10.30 The English Garden.
11.00 "The Movies Murderer" starring Arthur Kennedy.
12.45 am Close: Personal choice with Roy Hudd.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 5.15 Emmerdale Farm. 6.00 About Anglia. 7.00 Enterprise. 7.30 Charlie's Angels. 11.00 The George Hamilton IV Show. 11.30 Rush. 12.30 am You Have a Minute Lord?

ATV

12.30 pm George Hamilton IV. 5.20 Survival. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 A Man Called Sloane. 11.00 ATV Newsdesk. 11.05 S.W.A.T.

BORDER

1.20 pm Border News. 5.15 Struck By Lightning. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 The Streets of San Francisco. 11.00 TV Movie: "Death Scream." 12.40 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 5.15 Bailey's Bird. 6.00 Report At Six. 7.00 Curtain Raiser. 7.05 TV Movie: "The Dream Makers." 10.28 Channel Late News. 11.00 Kaz. 12.00 George Hamilton IV. 12.25 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.40 am First Thing. 1.20 pm North News. 6.00 North Tonight and Area Weather Forecast. 7.30 A Man Called Sloane. 11.00 Reflections. 11.05 Barney Miller. 11.35 Darts. 12.20 am North Headlines.

GRANADA

11.50 am The Bubblies. 1.20 pm Granada Reports. 5.15 Happy Days. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 Tuesday Premiere: "Matt Helm." 11.00 The Tuesday Movie: "The Man Hunter."

HTV

1.20 pm Report West Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Report West. 6.30 Survival. 7.00 B.J. and the Bear. 11.00 "Shadow Over Elverton," starring James Franciscus.

HTV Cymru/Wales—As HTV West/HTV general service except:—12.00-12.10 pm Flalabalam. 1.20 Penawdau Newyddion y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Sbardun. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Bywyd. 11.15 World in Action. 11.45-12.15 am How's Your Father.

SCOTTISH

1.20 pm News and Road and Weather. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Take the High Road. 7.35 Charlie's Angels. 11.00 Late Call. 11.05 Superstar Profile (Paul Newman). 11.35 Darts.

SOUTHERN

1.20 pm Southern News. 5.15 Mr. Magoo Cartoon. 5.20 Crossroads. 6.00 Day By Day. 7.00 Incredible Hulk. 11.00 Southern News Extra. 11.05 Enterprise. 11.35 George Hamilton IV.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 A Sharp Intake of Breath. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Charlie's Angels. 10.30 North East News Headlines. 11.02 Tuesday Movie: "Assassin," starring Ian Hendry. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 7.30 A Man called Sloane. 10.29 Ulster Weather. 11.00 Soap. 11.20 The Electric Theatre Show. 12.00 Bedtime.

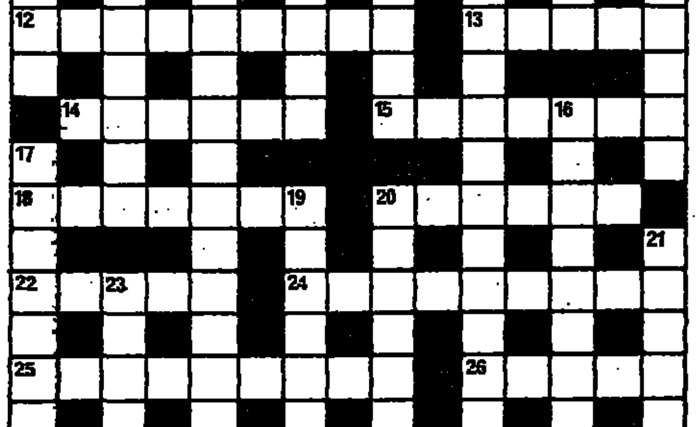
WESTWARD

1.20 pm Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Bailey's Bird. 6.00 Westward Diary. 7.00 Curtain Raiser. 7.05 TV Movie: "The Dream Makers," starring James Franciscus and Diane Baker. 10.28 Westward Late News. 11.00 A Tribute to James Stewart. 12.25 am Faith For Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

11.55 am The Bubblies. 1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 Father, Dear Father. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Charlie's Angels. 11.00 The Tuesday Night Film: "Psyche 59."

F.T. CROSSWORD PUZZLE No. 4,271



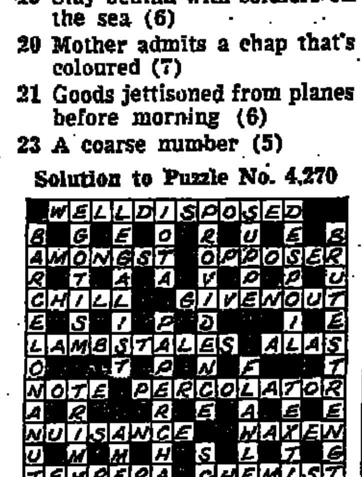
ACROSS

1 Metropolis after mark that's in short supply (8)
5 Bone fish with you and me (6)
10 Come round again concerning dog (5)
11 Accumulate broth left in pie (9)
12 Finish school session in a note (9)
13 Aquatic carnivore making Cockney much warmer (5)
14 Manipulate pale broken leg (6)
15 Convict in hat is preparing the ground (7)
18 Tree producing fir-cone (7)
20 Unpretentious fashion one way (6)
22 Saintly race that's fast in France (5)
24 Put into a state of hypnosis to make attractive (9)
25 Detachment is nought, nought in Latin (9)
26 Equals contradictory odds (5)
27 Small number added to team at end of game (2-4)
28 General dogs-body in truth turning to middle of dump (8)

DOWN

1 Hate accepting direction from impish person (6)
2 Find out when sure (9)
3 Vehicle for part of hospital without prepayment (8-7)
4 Having the will to try at Epsom initially? (7)
6 Thanks for information on people in act (15)
7 Gas put in beer to sharpen (5)
8 Thin member providing support for weight-lifter (5-3)
9 Front way in woody ground (6)
16 Temperate and not present to accept money (9)
17 Leek, wholly found in offshoot (8)
19 Stay behind with soldiers on the sea (6)
20 Mother admits a chap that's coloured (7)
21 Goods jettisoned from planes before morning (6)
23 A coarse number (5)

Solution to Puzzle No. 4,270



Radio Wavelengths

1 1053kHz/285m 1089kHz/275m
2 693kHz/433m 909kHz/330m & 88-91vhf stereo
3 1215kHz/247m & 90-92.5vhf stereo
4 200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 8.02 pm Jack Buchanan. 9.02 Glamorous Nights (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

6.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S) including Racing from York. 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners Walk. 5.20 Much More Music (S). 6.03 John Dunn (S). 8.02 Soccer Special: England v. Argentina. 9.30 Glamorous Nights (S) (joins vhf). 9.55 Sports Desk. 10.02 The American Way of Laughs. 10.02 Brian Matthew with Round Midnight, *including* 12.00 News. 2.02-5.00 am You And The Night And The Music (S).

RADIO 3

‡ 6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Roussel (S). 10.00 Beethoven cello and piano recital (S). 10.50 Matrix Concert, part 1 (S). 11.25 Interval Reading. 11.30 Concert, part 2. 12.15 pm Chicago Symphony Orchestra concert, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Chicago Symphony Orchestra part 2 (S). 2.00 Funeral Teares: Coperario's song-cycles (S). 2.50 Chopin piano recital (S). 3.30 (S). 4.25 Jazz Today (S). 4.55 News. Goehr: "Babylon the Great is Fallen" 5.00 Mainly For Pleasure (S). (‡ and mono only from 6.20.) 7.00 Bournemouth Symphony Orchestra part 1 (S). 7.40 John Henry Newman (The Early Years: Talk by A. M. Allchin). 8.00 Bournemouth Symphony Orchestra part 2 (S). 9.00 The English Ayre (S). 9.20 Music In Our Time by Henri Dutilleux (S). 10.20 The Piano Music of Busoni (S). 11.00-11.05 News.

VHF Only—Open University — 6.00-7.00 am and 6.20-7.00 pm and for Scottish students only: 12.00-1.00 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 Medicine Now. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You And Yours. 12.20 Down Your Way. 12.55 Weather; programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Little Dorrit (S). 4.10 Bookshelf. 4.40 *Announcements*. 4.45 Short Story. 5.00 PM. News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Wrinkles (S). 7.00 News. 7.05 The Archers. 7.20 The Opiate of the Masses: The body's natural opium dens (talk). 8.05 In Touch. 8.30 Music For A Living. 9.15 Down The Garden Path. 9.30 Kaleidoscope (Doris Lessing in conversation). 9.59 Weather. 10.00 The World Tonight. 10.30 Round Britain Quiz. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 London Live. 4.30 London Live. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

London Broadcasting

6.00 am With Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm After Eight. Therese Birch. 9.00 Mike Dickin, Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 1.00 pm London Today First Report (S). 1.10 Dave Cash (continued). 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's "Your Mother Wouldn't Like It" (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

Television

The arts under the camera

by CHRIS DUNKLEY

Robin Day's recent declaration during *The Levin Interview* on BBC2 that televisio nis "a crude medium which strikes at the emotions rather than the intellect" sent me delving back tothe transcript of my own interview with Day on the same channel six years previously to the day. Sure enough, he had told me: "I think the visual medium must be less rational, less cerebral than the printed word. All the great ideas of the world have emerged through writing. I don't think any great seminal, philosophical ideas will emerge through television."

Ten years as a television critic have brought me to much the same conclusion. Yet there is one area of intellectual activity where television ought logically to have some advantages over print, and that is in the analysis and criticism of the visual arts and especially, for obvious reasons, those involving movement. But the remarkable fact is that even here television does precious little to exploit its advantages and most of the time in most subjects estill lags a long way behind print and radio.

As usual, of course, it is the *rare rich exception which highlights* the more general poverty. For instance the programme about contemporary British art, *Another Country*, presented on BBC 2 by my FT colleague William Packer was an admirable amalgam of illustration, analysis and criticism. Producer Kate Rivers followed Packer as he selected the items for the largest touring exhibition of contemporary British art since the war.

We saw some of the works, heard from artists about their intentions, and then listened to the reactions of a couple of steel workers who looked around the exhibition when it opened in Sheffield. Their responses surprised Packer, who considered their ideas about art "curiously fixed" but I doubt if they surprised 95 per cent of the general public.

To me, the steel men seemed ready to acknowledge skill even when the results left them cold, as most did, but healthily contemptuous of the sort of modern are—typified by the pile of tree stumps—which lacks all semblance of technical virtuosity, expresses nothing but its own being, and inspires little except a powerful synicism about the uses of Arts Council money. One of the steel workers indicated gently that he was quite capable of appreciating *natural* beauty (he mentioned pebbles on a beach) without needing any presumptuous "artist" to carry examples indoors.

We heard far too little from the charming, but rather quiet Packer about the reasons for his choices, and the programme stopped at the very point where an entire *series* could have started to explore the chasm between initiates of the fine arts and the public which has been widening throughout the 20th century. Still, the programme did exist and could yet point the way to more.

Television's unique ability to combine illustration with analysis and criticism has of course been used before in the field of painting and sculpture—London Clark and John Berger have both made series—but such programmes are still rare and special.

There has been some effort and some success in working in this way with cinema on such series as BBC2's *Arena Cinema* and Granada's *Cinema*. Recently Granada presented an obituary of Alfred Hitchcock which plainly ought to have been better able than any newspaper, magazine or radio programme to illustrate the essential characteristics of the man—his film making talents. Yet it suffered, as so many television programmes about film have suffered, from being built around the available clips rather than using the best and most telling from the entire oeuvre to make the programme's points.

The same difficulty is clear in BBC's series *Armchair Critics which starts just* half an hour after *Critics' Forum* finishes on Radio 3, a useful clustering of similar materials in my view, though I quite understand those who consider it had planning. If any series were ever to prove the superiouity of television's facilities for textual illustrations and analysis of the performing arts it should surely be *Armchair Critics*, since the programme deals exclusively with television itself.

True the chairman Swan Hill and this week's critics all believe that the "studio laghter" they hear on programmes such as *The Sun Trap* is authentic when actually the producer's ability to "enhance" is nearly infinite and what we hear is merely a sophisticated version of the old canned laughter.

Much more significant though: as with the Hitchcock obituary, so here it is clear that the clips come first and the *commentary* second; moreover the clips are chosen, I would guess, not by the critics but by the production team. Thus instead of having the advantage over other communications media of being able to illustrate with precisely the extracts required, the *Armchair Critics* are obliged either to refer to a clip which is unlikely to make their point or simply to ignore it.

Still, whatever the difficulties and the shortcomings at least television is at last receiving some fairly serious criticism in the place where it ought to be: on the small screen itself. For far too long books have been virtually the only are form to receive proper regular critical attention on the box, in *Read All About It* and *The Book Programme*.

The only series which devotes itself with any regularity to critical scutiny of broader selection of the performing arts is London Weekend's *South Bank Show* and for that it deserves our appreciation and gratitude; if only Melvyn Bragg would devote even more of the series to this sort of work.

Episodes such as Tony Palmer's startingly subdued but admirably straightforward occount of the life of Benjamin Britten, or Christopher Nupen's *Elegies For The Deaths Of Three Spanish Poets* certainly deserve space on television even if it is hard to see why they should be billed in TV Times as "The South Bank Show" and have Mr. Bragg's name tagged on to them twice, once in capitals, once in upper and lower case. However, if that is the price of getting onto the air, so be it.

It does seem a pity, though, that Melvyn Bragg is not directly involved on-screen with more of the *SBS* output, as he was for instance with the Fay Weldon programme in February when the lady writer insisted, to Mr. Bragg's ill-concealed and entirely admirable irritation, that only women could write acurately about women; as he was last week with the exemplary programme produced by Geoff Dunlop on the work of dramatist Edward Bond; and he was this week in the interview with Kingsley Amis.

Admittedly Bragg is not the world's most astringent interviewer. *His approach to Amis* was almost embarrassingly adulatory (oddly so, it seemed, to those of us who consider the new novel rather thin potboiling stuff). And among the questions he failed to ask the confessed didactic Marxist Edward Bond was what he was doing working in such an "elitist" medium as English theatre instead of going for the mass audience with television.

But the important point is that the *South Bank Show*, virtually alone, does regularly exploit television's unique facility to convey examples from the perfoming arts with the *critical analysis all in one package*. Robin Day's general strictures notwithstanding, it offers excellent examples of television going for the intellect rather than the emotions, and achiev-shock.

★

You really have to hand it to the cigarette companies. Banned from paid *commercials* on ITV they have developed their sports promotions to the point where the BBC publicises their dangerous products for days and — in the case of the Embassy World Professional Snooker Championship —even for weeks on end. But no tobacco firm has ever managed a coup to match that of Wills at the climax of this year's final. After 10 days of showing Higgins leaving the table to light up and puff like a condemned man, it was surely a stroke of genius which will never be surpassed in the world of cigarette promotion to break in at the climactic moment and have the News show the SAS in Kensington acting out the phrase "Light Up an Embassy."

Bernard Levin (right) talks to Robin Day in 'The Levin Interviews'

Oxford Festival of Theatre

by GARRY O'CONNOR

Don Quixote all too rarely tempts adapters for the stage but as the Actors Touring Company showed in their marathon two-part version in the second *and last week of the* Oxford Theatre Festival, in the Newman Rooms, not only are the opportunities for comedy diverse, but the character interplay between Quixote and Sancho Panza, and Quixote and his poignant, chivalric madness, is almost inexhaustible. Wisely, this adaptation by Richard Curtis, done jointly with the *director, John* Retallack, has cut to a minimum the elaborate prose of Cervantes, which began as burlesque but became all too real as Quixote's disordered imagination takes flight, and kept to the bare narrative, making the most of the chases, fights, slapstick, magical illusion, and even a puppet play within a play.

All this they do with only a company of six. Part One is more rooted to the Iberian mainland, with peasants toiling under the blazing sun, or breaking in horses, or weary travellers waylaid on the road. Quixote tilting at the windmills he believes to be giants in the grip of an enchanter, is neatly achieved by actors atop stepladders twirling yet more ladders. The produc*tion abounds in economical and* inventive detail.

Part Two, the Death of Don Quixote marshals a greater array of eclectic effects, among them the singing of "Greensleeves," a parody of Hamlet's Ghost, and a strong resemblance to Brecht's Azdak as Sancho is put through his paces as governor of his highly prized island. Even so interest rarely flagged for a total of well over four hours, and special mention must be made of the outstanding range of atmospheric and musical effect provided by Dick McCaw, aided by members of the cast who were not actually on stage. Jack Ellis, Barry Hill (as Quixote) and Chris Barnes (as Sancho) excelled in the three main parts, though the company showed *wonderful teamwork as a whole*.

Teamwork, more ragged and bucolic, but nonetheless warmly welcomed, was the keynote of the buddhist Royal Dancers and Musicians of Bhutan, at the Playhouse. Tripping about to the clash of cymbal, the mournful honk of overgrown horns that rested on the floor, these amiable male performers sport grotesque masks and exotic costumes which make them often seem like visitors from another planet performing Punch and Judy.

Duke Ellington Anniversary Concert

This year's Duke Ellington Anniversary Concert takes place on Sunday, May 18 at the Elizabeth Hall. Heading the bill is the Midnite Follies Orchestra with singer Johnny M. Featured guest is tap dancer Will Gaines. Compere is jazz critic and broadcaster Peter Clayton. Ticket prices are from £1.50 to £3.25.

Sketch for 'King Cophetua and the Begger Maid,' by Sir Edward Burne-Jones, dated 1885.

Mappin Art Gallery, Sheffield

Visiting Victorians

by BRIONY LLEWELLYN

Until the end of the year, art enthusiasts in Sheffield have an unusual opportunity to view a small but various selection of Victorian painting. In a large gallery at the Mappin, Rossetti and Burne-Jones rub shoulders with Leighton and Albert Moore. Building on the nucleus at the Mappin and the Graves Art Galleries, the organisers of this attractive and instructive *show have borrowed imaginativey* from the Victorian opulence of Leeds City Art Gallery, closed for almost two years for repairs and rebuilding, and from a less familiar private collection in the south of England.

The focal point is the Pre-Raphaelites and their circle. Two paintings by William Holman Hunt reveal the ideas and methods of the original Pre-Raphaelite Brotherhood, formed in 1848: in "Little Nell and Her Grandfather" the moral pointed by the image of Little Nell symbolically washing her hands of London where her grand*father had amassed crippling* debts, is clear, as is the religious intent of "The Shadow of Death," where Christ's arms outstretched in a yawn cast the shadow of the Cross. In both pictures, bright colours and an obsessive attention to detail create a powerful effect. As John Ruskin's delightful "Peacock's Feather" shows, the art critic joined them in advocating a microscopic observation of nature.

It is, however, the dream world and romantic imagery of the second, more broadly based, phase of the Pre-Raphaelite movement which dominates the room. This is seen, as well as anywhere, in the gouache sketch for the Tate's "King Cophetua and the Beggar Maid," where a medieval romance is sensuously expressed with soft, muted colours, sinuous forms, and above all an ethereal sweetness. The culture of medieval Europe and Asia was a source of inspiration for many artists at the time, seen here in the beauteous ladies of Rossetti and Burne-Jones and the pottery of William de Morgan.

Walter Crane's "At Home" —an elegant lady draped against a fireplace, decorated with tiles—reflects the hothouse atmosphere which was *often created. No hint of their* Sheffield steel background betrays John Singer Sargents portrait of the three Vickers sisters. This, with Sickert's lovely pastel seascape, unusual for its bright blue, extends the "Victorian" boundaries into the Edwardian era.

Arts News in brief

The Arts Council has approved its fourth series of bursaries for composers, with major bursaries of £5,000 for ...ohn Buller and Tim Souster and of £4,000 for David *Bedford, and 11 minor* bursaries of between £1,500 and £3,000. The bursaries were selected from 100 applications.

John Buller's bursary will enable him to complete various commissions including ones for Electric Phoenix, Jane Manning and Barry Guy, and the Hilliard Ensemble. Tim Souster's *bursary will enable him to com*pose a large-scale electonic piece to be realised in his own studio. He is also to write a theatrical work conceived in terms of a complete fusion of music and theatre, in collaboration with the French director and producer, Pierre Audi. David Bedford's bursary will enable him to write an opera based on Kenneth Patchen's novel *The Journal of Albion Moonlight*.

★

The Arts Council has commissioned a research study into inflation in the arts. It will be under the direction of Professor Alan Peacock and Mr. Eddie Shoesmith, of the University College, Buckingham.

The study, which will take approximately two years *to com*plete, will provide information on the effect of inflation on patterns of expenditure in the arts. Initially the performed arts will be investigated, but it is possible that the study will be broadened if resources permit.

New York music

U.S. orchestras

by NICHOLAS KENYON

The Chicago Symphony Orchestra was in New York for its annual series of concerts at the end of April and the beginning of May, and reasserted its claim to be the most sheerly brilliant, the most precise, the most exciting, and the loudest of all the orchestras in America. The sound of a Chicago *tutti*, tatacking a chord on the ferocious downbeat of Sir Georg Solti, is overwhelming; in both Stravinsky's *Rite of Spring* (in the first concert) and Mahler's Second Symphony (which formed the last), there were moments of frightening power. Solti is in absolute command of his forces; he beats time like an angry metronome, allowing no space for expressive bending of the rhythsms or for less-than-exact ensemble.

When the music does slip apart, as it did at times in Beethoven's *Pastrola Symphony*, one's instict is to blame it on the unfamiliar acoustics of the stage at Carnegie Hall. But there were still temporary dislocations in the Mahler at the end of the week, which suggested that this finely-honed ensemble does not perhaps listen very closely to itself. Individual sections are outstanding: warm cellos and basses; crisp, lyrical well-blended wind; and (most charac*teristic) sharp, shattering* brass; but does it sometimes play on

Musically, too, there were some doubts. Solti's interpretations are now essentially very plain, deriving their effect from their perfect proportions, their hard-driven rhythms and their exactly shaped phrasings. There are few surprises. A work such as the *Pastoral*, whose life-breath is melody and subtly simple harmony, seems very low-key in Solti's hands. The timbre of the strings is lovely, if overweight, but the familiar clipped Solti beat persists even where the music broadens miraculously in the slow movement. Stravin*sky's Rite benefits far more from* Solti's distanced precision: he captures one facet of the work to perfection. It is good to hear Mahler, too, done with this clarity, in which every line can be discerned; and there was exceptionally fine singing from the Chicago chorus, Isobel Buchanan—familiar from the Glyndebourne *Zauberflöte*—and the enthralling Christa Ludwig. Yet something was missing: Mahler should not sound like an intricate, artfully - fashioned machine.

The traditional virtues of orchestral playing are enshrined in the Philadelphia Orchestra, from which Eugene Ormandy retires this month after 44 years: Riccardo Muti succeeds him. I did not expect to enjoy their sound or their notoriously conservative repertoire; but every concert I have heard this season has been outstanding. The strings have a fuzzy edge *to their ensemble; there is a* feeling of bounce rather than of sharp attack in the rhythms; the whole is capable of being moulded into the most expensive and responsive orchestral instrument. Under Ormandy, they gave a splendid Sibelius Second Symphony and provided an accompaniment to Rachmaninov's Second Piano Concerto that put the soloist to shame; under James Levine they played Schubert's Ninth with such freshness and bloom that one thought they had discovered it the previous day.

The usual rival to Chicago among the big orchestras is thought to be Cleveland. The ensemble is indeed supremely efficient, without a weak link, there are good wind soloists and the string playing is far above the standard we usually encounter from the London orchestras (and from the New York Philharmonic). But under Lorin Maazel, the orchestra has little subtlety or charm: I heard a Mahler Fifth Symphony that I thought positively misleading, with no Viennese lilt in the manic waltz tunes, no deep resonance or wildness in the strings and brass. Like Chicago, the strings played their lines with exceptional clarity and purity, without portamento, so that where a glissando was marked it sounded awkwardly out of place. Maazel put every note in place and cued his players impeccably. And that was all.

On the West Coast, Edo de Waart conducts the San Francisco Symphony (he has commissioned a work from Steve Reich for performance later this month), and Carlo Maria Guilini is in his second season with the Los Angeles Philharmonic. This latter marriage is curious: in a series of concerts at Carnegie Hall, Guilini conducted slow, drifting *interpretations* of Beethoven's *Pastoral*, the Adagio from Mahler's Tenth, and Dvorak's Seventh Symphony. He did not seem to have any marked effect on his players, who produced rather rough, not especially well-co-ordinated sounds. Perhaps the collaboration has already deepened. Guilini cer*tainly has some original points* to make, if he can convey them to his orchestra.

Among other visitors to New York, the Pittsburgh Symphony made a considerable impression under André Previn: the individual playing is not outstanding, but Previn's neat sense of en*semble and crisp rhythms gave* a welcome zip to everything they played, especially the Walton Symphony. (They also had the inestimable benefit of Martha Argerich as a sensual, rhapsodic soloist in the first Chopin Piano Concerto.) From Canada, the Toronto Symphony gave one of Carnegie Hall's most enjoyable concerts under Andrew Davis (their music director for the past five years) —but it was the radiant soprano ofJessye Norman in Act One of Wagner's *Die Walküre* and the fresh, impulsive direction of Davis that gave this event its quality; the orchestra supported solidly and reliably.

There have been some enterprising programmes: an all-Szymanowski evening from the New Jersey Symphony Orchestra; Janacek and Varese alongside American music by Donald Martino and John Harbison from the Orchestra of the 20th *Century (an occasional New* York group); the New York première of Roger Sessions' short and powerful Ninth Symphony from the Syracuse Symphony under their bright music director Christopher Keene. And from the Brooklyn Philharmonian under Lukas Foss, an impressive four-concert retrospective of American music in this century. Both in fare and in performance standard, these New York concerts have revealed as less than satisfactory the activities of the town's one professional symphony orchestra.

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What unions are for

WHILE MINISTERS have been condemning the "Day of Action," some trade union leaders defending it and judges pronouncing on its legality, the practice of industrial relations in Britain continues along its depressingly familiar path. To take just one current example, the Talbot production line at Linwood in Scotland was shut down for several days because of an argument over whether four men or only two should be moved from one part of the factory to another. There is, of course, no direct connection between the demonstration planned for tomorrow and the real world of industry. Yet the contrast highlights one of the basic weaknesses of the trade union movement — the preoccupation of national leaders with political activities at the expense of their industrial role. If the trade unions were effective, well-run organisations at the industrial level, their political campaigns would carry more weight. As it is, they are in danger this week of making *themselves look ridiculous* in the eyes of their own members and of the public at large.

Procedures

Some opponents of unions may be hoping that tomorrow's protest will turn out to be a fiasco and thus undermine still further the prestige of the TUC. But is a weak and disorganised trade union movement what the country needs? Most employers would prefer to deal with strong unions whose officials, national and local, are able to speak authoritatively on their members' behalf and to ensure that *procedures and agreements,* once entered into, are observed. It is the lack of such leadership which is partly responsible for the anarchic state of labour relations in British industry. For a variety of reasons, including social changes and the deliberate policies of men like Mr. Jack Jones of the Transport Workers, power has drifted down to the shop floor. Groups of workers have been encouraged to pursue their sectional objectives through unofficial channels. Shop stewards, often with the connivance of management, have taken over powers formerly exercised by full-time officials. The pursuit of political influence by national leaders has widened the gap between them and the rank and file.

Employers have sometimes aggravated the problem by their own indifference to procedure and by giving in to unofficial action. It would be quite wrong, for example, to ascribe the lack of discipline on large construction sites — of which the laggers' dispute at the Isle of Grain power station is a recent example — solely to shortcomings on the trade union side. Solidarity among employers, on any particular industrial relations issue, has proved remarkably difficult to achieve. But the fact remains that the weaknesses in the structure and organisation of trade unions represent an obstacle which even the best-managed companies cannot wholly remove.

The law can make only a limited contribution towards solving these problems. The Employment Bill now going through Parliament is mainly a response to what was clearly unreasonable behaviour by certain unions in the winter of 1978-79. Further legislation may be necessary to ensure a better balance between the rights and responsibilities of trade unions. But, as Mr. James Prior, Secretary of State for Employment, pointed out in his Granada lecture last week, the Government has no magic wand with which to improve industrial relations. Neither Government nor Parliament can do the job of management and unions for them.

Public image

It can be argued that the trade union movement is going through a bad period because of the recent departure of several dominant personalities and their replacement by men who have yet to establish themselves on the national stage. *After the election defeat* relations with the Labour Party are uneasy, while the tide of public opinion is still running strongly against unions. In these circumstances a reassessment by unions of what they are in business for is urgently needed.

The trade union movement is not about to wither away, nor is it realistic to expect trade unions to abandon their political ambitions. But gestures of defiance against a Government which enjoys a large majority in the House of Commons are unlikely to improve their public image—or to promote the interests of their members. It is in the industrial sphere where the failure of the trade unions is most evident. The energies of the leadership should be directed towards exerting authority in those areas where the unions have a clear responsibility.

British model for Chrysler

THE DECISION of the U.S. Government to rescue the Chrysler Corporation follows a pattern that, at least until recently, has been more familiar in Britain than in America, and with discouraging results. True, the authorities are providing loan guarantees rather than a direct grant, but the basic principle is the same: a major company cannot be allowed to go bust largely because of the effects that bankruptcy might have upon employment. Instead it is shore up by public support in the often elusive hope that the need for such assistance will prove temporary.

Small cars

In American terms, the help to Chrysler is a fairly radical departure from past practice. Mr. Lee A. Iacocca, corporation chairman, told a committee of the U.S. Congress last autumn that there could be no question of setting a bad precedent because the principle of loan guarantees had long been established. Yet the scale of the aid to Chrysler goes beyond anything agreed so far. In the case of Lockheed, which received Federal aid, the Administration evidently felt that it could not afford to lose a major defence contractor. In the case of Chrysler there is no such excuse.

It is also instructive to compare Mr. Iacocca's testimony to the Congressional committee in the autumn to what has happened since. He said then that if Chrysler was to regain its position as a strong and profitable competitor, it must continue to offer a full line of cars and light trucks. "Those who suggest that Chrysler should become a producer of small cars only, of trucks only, or of speciality vehicles only, ignore the most basic facts of the automobile industry. Chrysler cannot survive as a producer of small cars only. The profit margins on sub-compact cars are simply not sufficient to sustain the operation."

Yet in the interim Chrysler has been steadily reducing its range. A few months ago it still hoped to keep five car families in production; the number dropped to three and is now down to two. The company is now announcing further cutbacks in return for the loan guarantees. So much for the hopes, expressed in the autumn, of being able to compete with General Motors.

It is futile to blame the company's circumstances solely on the fall in car sales and the need for investment brought about by the demand for energy-saving vehicles and new standards of emission and safety. Those factors also affect Ford and GM, not to speak of the foreign competition, yet Ford and GM are surviving without Federal help. If they do run into trouble now, the precedent has been established that a car company cannot be allowed to go to the wall.

There is also an international point here. Many of the U.S. complaints against cheap imports are based on the argument that foreign goods—steel, cars, television sets—are subsidised, and it is true that most European countries have provided some aid to their car industries while the Japanese over-protect their home market. Now that the Americans have joined the game, it will be harder to re-establish the rules of fair competition. What is happening, in effect, is a competition for subsidies.

There is, of course, no reason to expect American politicians to behave any better than their European counterparts, especially in an election year, though one might have expected to hear more about market forces. The argument in the Chrysler case was conducted almost entirely in terms of the need to protect existing jobs.

No more

The irony is that if Chrysler survives it will do so in a form quite different from that of the company Mr. Iacocca and the Government wanted to save. It will no longer be America's number three. That kind of surgery might have taken place more efficiently if the company had been allowed to go bankrupt. The very least that the Administration can now do is to say: "$1.5bn and no more".

Berisford's controversial bid for British Sugar

BY JOHN EDWARDS, COMMODITIES EDITOR


Mr. John Beckett, chief executive of BSC, and sugar beet travelling on conveyor belts at one of British Sugar's refineries

WHISTLES of surprise were the first reaction to the news yesterday that the S. and W. Berisford group had launched a takeover bid for the British Sugar Corporation. The move itself was not entirely unexpected, but the timing was. In March Berisford increased its shareholding in the BSC to 9.9 per cent showing it was interested in a possible takeover. But it was thought that any move would be delayed until the Government—which has a 24.2 per cent stake in BSC, making it the largest single shareholder—had made up its mind whether or not to honour its election pledge to dispose of such state holdings as a means of raising funds to help cut back public borrowing.

Latest results from Berisford show a pause in the group's explosive growth in recent years. BSC's pre-tax profits at £32.4m for the year to September 30 were marginally above those of Berisford in the same period (£32.2m). In the City the initial assessment—one that brought a sharp drop in Berisford's share price—was that the group had bitten off more than it could chew.

Apart from the financial side, there are several intriguing questions posed by the bid. The *Berisford group, among its* many trading activities, is Britain's biggest sugar merchant and handles half of BSC sales as well as a fairly hefty slice (between 20 to 25 per cent) of the sugar sold by Tate and Lyle, the only other UK sugar refiner.

This raises the question of whether the bid should be referred to the Monopolies Commission. British Sugar claims there is no question but that the bid should be looked at. If the takeover was to go through in the existing state of control well over 50 per cent the market. Berisford would of total UK sugar sales — a position that was acceptable for Tate and Lyle when the industry was under the tight Government control before Britain's entry to the Common Market, *but could be considered* unacceptable now with the Government no longer setting the price or limiting supplies, except in line with the Common Market sugar regime.

However Berisford claims that there would be no question of it retaining the merchanting of Tate and Lyle sugar if the takeover does go through.

Profits from UK sugar merchanting, according to a spokesman, are "peanuts" when compared with the total business of the group even though some 1m tonnes of sugar is handled. The operative word is "handled" since the merchanting set-up of sugar in Britain is peculiar to say the least.

The two refinery companies (BSC and Tate and Lyle) undertake the marketing and delivery of their products, but a large proportion — something like 80 per cent — is distributed and invoiced through the merchants, who receive a commission handling charge. The merchants also sell in a more normal way sugar imported from other EEC countries.

This peculiar set-up is a legacy from the past, when the market was controlled by the UK Government but was subject to influence from the world *market.* Advice offered by merchants to customers is apparently still valued as an extra service, and from the refiners' point of view they receive prompt payment from merchants, when customers are slower in paying up.

So it is an arrangement with some advantages to all, even

there have been hints that the Government favours an inquiry

though BSC has been busily stepping up direct sales. Theoretically if Berisford did dispose of its Tate and Lyle business it would control less of the merchant side than it does now. But there is still the question whether the Monopolies Commission should examine if it is advisable to permit this kind of vertical integration when the biggest merchant in an industry wants to take over such a major producer. It could leave competitor companies in a difficult position, and there have been strong hints that the Government would favour a Monopolies Commission inquiry.

The other major question surrounding the proposed takeover is whether there is benefit in the two groups coming together—the point of most importance to shareholders in both companies.

British Sugar says there is no logic to it at all. It points out that the groups are entirely different. BSC is a highly capital intensive industry, with big assets, serving UK agricultural interests and the consumer, and taking a long-term view when making policy decisions. In contrast, it says, *Berisford is a City of London* based group of international traders, with few fixed assets, taking a short-term view and relying on sugar for only a relatively small proportion of its profits. BSC describes the sugar interest as purely coincidental in groups with entirely different philosophies and aims.

Essentially British Sugar is a production-based one product company that has invested a great deal of money (£150m in the past five years) in building up its assets and market share. Berisford is a totally different kind of animal relying on trading skill and expertise in international markets to achieve spectacular growth. Its main asset is skilled traders, dominated by its chairman, Mr. E. S. Margulies, who has built up a formidable team and reputation.

Not surprisingly Berisford takes a somewhat different view of the proposed takeover. It sees considerable potential. First and foremost, the reason for the bid is that Berisford is anxious to use profits made in the past years to build up a solid assets-rich base in the UK for the group. It would provide bread-and-butter, with Berisford adding the jam. BSC is seen as a tailor-made vehicle to help achieve that ambition, with the added bonus that it could provide a platform for great opportunities, utilising the Berisford skills in bringing suppliers and consumers together.

It sees British Sugar as being too production minded and not making the most of the opportunity to provide extra income for the farmer and a better service to the consumer.

It is also claimed that the development company set up by British Sugar to sell its *production expertise overseas could* be considerably expanded using Berisford's knowledge and contacts round the world.

A similar exercise has been successfully carried out by Berisford in the metals industry, where a UK-based company, Tom Martin, has been considerably expanded and strengthened since being taken over some years ago. It is not an exact parallel since Tom Martin is a scrap metals business with a large trading involvement *dependent to a great extent for* its profits on reading the market right. Nevertheless it does illustrate the group's awareness that cannot go on relying on traders' expertise to expand profits all the time and must have something to fall back on when the markets turn down and the going gets tough.

Merchanting and commodity *trading accounted for more than* 75 per cent of Berisford's profits last year and 94.5 per cent of total group turnover, so at present it is very dependent both on commodity markets remaining active and on being able to forecast trends correctly.

Its profits last year were hit, for example, by the fall in the world cocoa market where Berisford is a dominant influence. This year turnover will be affected by the downturn in metals, but should ironically be boosted by the boom in the world sugar market.

Thus it can be seen why Berisford is keen to acquire more solid assets even though the group in recent years appears to have concentrated on profitable trading activities and has been prepared to reduce its commitment to the imported *foods sector—the original main* business of Berisford before the group came under the control of Mr. Margulies.

For British Sugar the doubts centre mainly on the outcome of proposed cuts in EEC sugar production to bring Community supply and demand into closer balance eliminating costly surpluses. Mr. John Beckett, chief executive of British Sugar, has warned that *even if the watered* down proposals put forward by the EEC Commission are accepted BSC would be forced to close down six of its 17 refineries. It now seems almost certain that disagreement about the cutbacks among member countries will mean that no decision will be taken at least until 1981. The sharp rise in the world sugar market has certainly helped ease the pressure for any Common Market production cuts.

British Sugar is in a special position, since it is claimed that the expansion of domestic UK beet production poses the main threat to cane supplies from developing countries. At present Britain is the only EEC member with a cane refining industry, capable of handling the 1.3m tonnes of annual imports from African, Caribbean and Pacific (the ACP group) developing countries (although the entry of Portugal into the Community would provide a limited alternative outlet). The entry of cane sugar into the Community is a political question concerning the EEC's relations with the Third World, so the role of British Sugar will be viewed in a wider context than just financial considerations.

BSC could, in other words, be faced with a production cutback even though operating efficiently and profitably. There are those in the sugar industry who claim that British Sugar does not take sufficient advantage of its highly competitive position in the UK market where it is easily able to undercut its chief rival, Tate & Lyle, which is now faced with another year of difficulty following the failure of the EEC to agreed on a new five-year sugar regime. But British Sugar can point to an excellent profits track record *in the past five* years during which its factories have been modernised and expanded towards the goal of an annual output of 1.25m tonnes a year. In the past year British Sugar achieved a *record crop* yielding 1,154,000 tonnes of sugar and it seems likely growers will receive an added incentive with another rise in the EEC sugar price nearly *agreed for the next season.*

However, apart from the strong political pressure from the can producers' lobby to cut UK beet output, British Sugar has an Achilles heel — the weather. Plantings this year have gone very well, but the experiences of 1975, 1976 and 1977 demonstrated that the crop is vulnerable to bad conditions ranging from drought to pests or too much rain. That is something neither Mr. Beckett or Mr. Margulies can promise to control.

STRONG CHARACTERS

TWO STRONG characters are locked in combat over the Berisford bid for British Sugar.

Since joining British Sugar as chief executive in 1975, Mr. John Beckett has made quite a name for himself as a tough, uncompromising individual who doesn't suffer fools gladly. He has certainly not courted popularity in his drive to expand BSC to the point where it supplies more than half the UK market. He has shown a determination similar to that of his brother, Sir Terry Beckett, chairman of Ford (UK).

Mr. Beckett who has clashed with both farmers (in the West Midlands) and the cane sugar refining industry, on occasions has been dubbed the "steamroller from Tarmac"—the company he used to run and where he remains a non-executive director.

Mr. E. S. Margulies (known as Marg) prefers to keep out of the limelight, but he is something of a legend in the London commodity markets. His deals, notably in cocoa, have brought criticism from some quarters since he is a past master at taking advantages of market situations, particularly technical shortages of supplies.

He is very much the driving force behind the spectacular expansion of the Berisford group in recent years. His shrewdness and expertise in commodity dealings have *made the group one of the* world's leading cocoa/coffee and sugar merchants, and also established it as a fast-growing business in metals and other commodities.

Berisford strongly denies that it is a one-man band, but there is little doubt that Marg is very much in control.

MEN AND MATTERS

Neighing noises at the gate

Will life ever settle down to normal at Christy Brothers, the Chelmsford-based mechanical and electrical engineering group? Throughout the seventies one group after another had a go at "making something of the company," as they used to say. First, there were the ebullient brothers in the heady days of the last dealing and property boom. Then fellow engineers WGI had a nibble, and at one stage First Talisman had a look around.

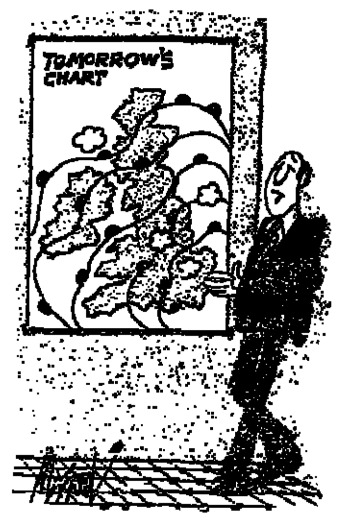
But in January a new Board was *announced* whic hlooked as if it had its mind on engineering and Nicholas Davidson, the non-executive director and legal advisor who had steered Christy through its rodeo years, announced that it had "seen the last of hte cowboys."

Yesterday, however, he was sighing, "we can hear the jangle of spurs again."

The description is not likely to please Siman and Coates, the City stockbroking firm yet another round in the takeover ring for Christy. It wants to reconstitute the group yet again under John Dyer, who heads the fasening and light engineering division of Armstrong Equipment.

Dyer and his wife have around 9 per cent of Christy's shares already and Simon and Coates is mounting a bid for the rest which, if successful will end up in institutional hands.

Quite why the brokers think it worthwhile to have another go at Christy is not clear. Certainly, Dyer already appears to have his hands full. His own division back at Armstrong has its hands pretty full at present following four years of major acquisitions. Among the many additions Dyers has to look after already are Ormond Engineer, Anglo-Swiss, Hillcrest Engineering and Cornercroft.



A wave of apathy spreading slowly across the country with brief outbreaks of hot air from the direction of the TUC?

Bank job

It is not only the British who have to conduct worldwide head hunts for senior executives. Time has also been running out for the National Bank of Kuwait—the country's oldest and largest with total assets of £800m—to replace its acting general manager Geoffrey Pink. Despite owning one of the prettiest yachts in the Gulf, he is coming home to Britain this summer.

The chase by the London-based headhunters Spencer Stuart Associates led across the world, and involved researching 150 people. First mooted at $100,000, the salary rose as the months went by. The new incumbent appears to have held out for a price which—including Kuwaiti luncheon vouchers or their Gulf equivalent—is thought to be well over three times that figure.

The chosen man is Gerrit ("Gerry") Vanema, a Dutchman discovered working in San Francisco. He leaves his present job heading the European, Middle Eastern and African division of Wells Fargo at the end of this month.

The fact that this division operates out of London may well have proved the clinching point in Venema's success: NBK is on the point of setting up a branch in London. Gulf-watchers will perhaps pose the question: Whither the United Bank of Kuwait, the established London consortium bank? NBK is its largest shareholder.

Working on apples

Weaning the British housewife off French Golden Delicious apples has proved no easy task, and I can only commend the optimism of Richard Venables, the new chairman of the Apple and Pear Development Council.

Latest example of agriculture minister Peter Walker's enthusiasm for marketing men, Venables, chairman of advertising agency Ogilvy Benson and Mather, faces a nation eating 225,000 tonnes a year of French apples. "We must start," he says bravely, "from the consumer, find out her preferences, and work backwards."

If he does not manage to hold back the deluge, at least Venables should come up with a decent slogan to match the Gallic "Le Crunch" campaign. His agency was responsible for such haunting classics as "Drinka Pinta Milka Day" and "Go to Work on an Egg."

Quick thinking

American politicians always get twitchy as elections approach, but U.S. vice-president Walter Mondale was perhaps taking caution too far during the Tito funeral in Belgrade.

In the intervals of the long-drawn-out ceremony the various foreign delegations repaired to a series of rooms for refreshment. A shortage of rooms produced some unusual drinking companions, I hear. The UK contingent, for instance, which included Prince Philip, found itself sharing sandwiches and small talk with Yasser Arafat and the PLO delegation.

There was general courtesy all round, even if the handshakes were on the limp side—until Mondale decided to pay a friendly visit to Mrs. Thatcher and her party. Catching sight of Arafat's distinctive headgear, he instantly turned on his heel, leading his entire entourage to a less contentious watering hole.

They said it

A reader has kindly sent me a page from the Barclay's Dictionary of around 1836, and draws my attention to the definition of a stockjobber: "S. a low mercenary wretch," it says, "who gets money by buying and selling in the funds."

Copper-Bottomed

In a less lofty arena, the awe of many Americans at the activities of Bunker Hunt et al has been reflected in a frenzied hoarding of one cent pieces. Signs outside the stores in Washington DC plead for "exact change please."

Copper fever took off during February when the metal reached $1.41 a pound. Although it is now hovering below 90 per cent, the distrust of paper money is keeping the biscuit tins full. After all, what could be more copper-bottomed than copper coins?

A source close to the Federal Reserve tells me: "People have been calling and asking to pick them up by the truckload." Officially, the Reserve is prudently saying nothing. Although the Mint has been making 20 per cent more cent pieces, this seems to have done little to cure the speculation. Indeed, since the Mint has been y have made things marginally may have made things marginally worse.

Dreamless Slough

Can the Holiday Inn at Slough be altogether wise to advertise under the slogan: "Nobody sleeps at a Holiday Inn"?

Observer

FINANCIAL TIMES SURVEY

Tuesday May 13 1980

Accountancy

Among the leading professions accountancy has probably been subjected to more than its fair share of public criticism. This is because accountants, in one guise or another, are closely involved with the business community. This survey, published in the centenary of one of the leading institutes, reviews developments and prospects.

CONTENTS

High ranking through merit

By Michael Lafferty

THIS WEEK chartered accountants throughout the UK will be celebrating the centenary of the Institute of Chartered Accountants in England and Wales (ICAEW). They will be joined by many distinguished accountants from overseas, and the occasion is to be honoured by the presence of the Queen and Prince Philip.

The celebration plans are elaborate, and the objective of the organisers is to demonstrate the high position which chartered accountants have achieved in Britain's society over the hundred years since they were granted their Royal Charter by Queen Victoria. It is a week during which chartered accountante are expected to feel proud—proud to be chartered accountants and most of all proud to be English chartered accountants.

There is, it must be said, plenty to celebrate. Which other country in the world has accorded its accoutants the status which chartered accountants enjoy in the UK? Certainly not the U.S., Japan or any country in Continental Europe.

How many other professional accounting qualifications are as saleable around the world as that of the British chartered accountants? The answer must be few, if any at all. In which other leading country are most large company finance directors also qualified (chartered) accountants? Again the answer is probably none.

Finally, in which other British profession are the opportunities and rewards available so uniformly good as they are for chartered accountants? Possibly solicitors do not do too badly, but it is a safe bet that senior chartered accountants in practice receive far more reward for their efforts than even the senior partners in top City legal practices.

Members of professional body which has attained so much in a century must have something to offer which society. and business interests in particular. are willing to pay for. Chartered accountants are experts in the legal and quasi-legal framework within which business operates in the UK. They dominate the function of statutory audit, they dominate the field of tax advice, they are the people who design company accounting and reporting systems, both internally and externally. Altogether, there are few areas of business activity with financial and legal aspects where chartered accountants are not involved. It could be said that they have the market tied up.

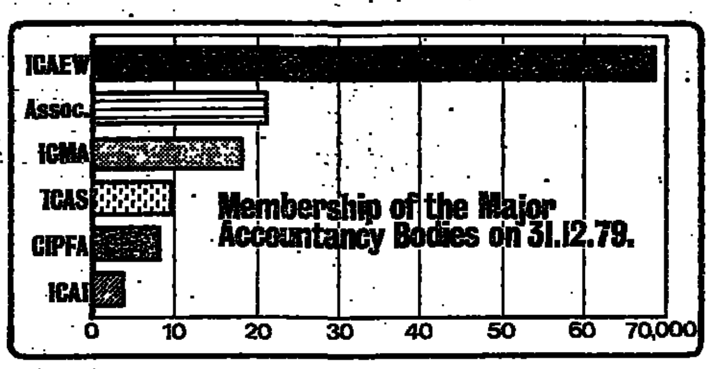
This is the picture of British accountancy which is generally painted within the profession. It is one way of looking at the success or failure of a profession.

Another way of assessing the profession is to look at its success or failure in serving the needs of those who use its output. Given that the principal function of accounting firms is that of audit, it seems legitimate to consider how far published accounts go in serving the needs of accounts users — whether shareholders, investors, employees, the Press or government. Here success is far more difficult to confirm.

Certainly it is true that the British accountancy profession has gone a long way to serve user needs and the public interest in general through its programme of accounting standards. Yet it has tobe remebered that this only started ten years ago.

Even with accounting standards the position remains far from satisfactory. Typically, the standards which emerge these days are sufficiently flexible to accomodate at least two methods for doing things. Even where standards are faily clear-cut there have been examples of companies applying accounting methods which were non-standard, without any qualification from auditors.

The truth is that British accountants have not yet accepted the idea that accounting is simply a language, and as such ought to be the same for all types of economic entity. They talk in public about the importance of Companies Acts requirement that accounts should give a "true and fair view." But in practice many accountants would admit that a more flexible approach also facilitates good client relationships.



The following legend applies: ICAEW — Institute of Chartered Accountants in England and Wales and Associates; ICMA — Institute of Cost and Management Accountants; ICAS — Institute of Chartered Accountants of Scotland; CIPFA — Chartered Institute of Public Finance and Accountancy; ICAI — Institute of Charterd Accountants of Ireland

As things stand, therefore, there are still many true and fair views. It simply depends on the auditor's judgment in each case. This position is obviously unhelpful to accounts users and becomes extremely odd in some cases. Recently, for example, there has been the case of Price Waterhouse saying that the accounts of two clearing banks —Lloyds and Barclays—were true and fair, without qualification. Yet the two banks had used entirely dierent methods in calculating bad debt provisions.

The big issue which the accounting firms have yet to face up to, in the eyes of many of their most formidable critics, is whether they have the ability to be objective in their work. Accounting firms these days, especialy the larger, are a long way from being the professional partnerships of the immediate post-war days. They are now large businesses and make little effort to disguise that fact. As such a major objective is to improve profitability.

This approach does not necessarily fit comfortably within the ideals of independence and objectivity. In theory auditors are the agents of shareholders, and possibly other accounts users. In proctice they generally look to company management as their clients. This position of potential compromise is made all the more unsatisfactory by the numerous other services which auditors offer their clients.

Auditors tend to respond to such criticisms by saying that nobody can be aware of the numerous cases where their threats to qualify audit reports have forced companies to adopt more satisfactroy accounting methods. hTis is true. Btu on the principle of judgment by exception, there are a disturbingly large number of cases over recent years where auditors have not done all they could have done in accounts' users *interests. Nor has* there been many particularly noticeable cases of an auditor stating publicly that a particular set of accounting methods do not give a true and fair view.

Contrary to what is sometimes suggested, the problem of independence and objectivity in auditors is not a matter that solely concerns small accounting firms. Many of the cases of unsatisfactory auditing refererd to have concerned the major international accounting firms.

Th extent to which auditors carefully avoid offending their clients—actual and potential—is often strikingly obvious in the field of research. Accounting firms ought to be an ideal base for published accounting research. They have access to more information about particular company or industry practices than any other organisations. But in practice little is ever published.

Earlier this year Coopers and Lybrand published a glossy book entitled: "Financial Reporting in the Mining Industry — an International Survey." Rarely was there any comparison of particular practices on a readily comparable country-by-country basis and never by inter-company comparisons. Similar criticisms can be applied to several other major accounting firms. The function of these publications is simple, they are designed at least partly to as covert advertising to attract new business.

Given the strong and growing business orientation of British accounting firms, it is worthwhile considering whether these same firms should be allowed to regulate their own affairs.

The position is fairly exceptional. The big accounting firms set company accounting standards through their dominance of the profession's Accounting Standards Committee, they check companies' compliance with the standards in their function as auditors, and it is now being suggested that they should play a major role in monitoring compliance by both companies and auditors.

The UK is almost alone in its adherence to the concept of self-regulation, both in accounting and other areas of City activity. The best known case of statutory regulation of the accountancy profession is of course the U.S. where the Securities and Exchange Commission has been functioning since the 1930s. But statutory regulatory bodies also exist in Canada, Japan, Australia, France, Belgium and Italy among other countries. Holland has a form of "Accounting Court" to which people who are unhappy with a company's accounts may appeal.

In contrast with all these countries, the UK has no enforcement procedure in the field of quoted company accounts. It would be an exaggeration to say that companies can do what they like in their accounts, with or without audit qualifications, and fear few consequences. But the position is closer to this than many auditors would be prepared to admit.

After all the scandals and criticisms of the past decade the British accountancy profession is now involved in talks with the Stock Exchange and other City bodies to seek some form of self-regulatory enforcement system for the UK. Does the idea have any chance of working? Many City accountants say privately that it will not work.

Mr. Tom Watts, chairman of the profession's Accounting Standards Committee, is the man leading the search for such an approach. Writing in the current issue of *Accountancy*, the official journal of the English Institute of Chartered Accountants, he predicts that by the turn of the century statutory Companies Commissions will be the rage all round the world.

Leader role in industry

WHEN Mr. Eric Sayers, chairman of the industrial group Duport, was elected president of the English Instituet of Chartered Accountants for 1978-79 he became only the second businessman to be honoured in this way during the Institute's first 100 years. The presidency has been the almost exclusive preserve of partners in professional firms. But it will be very surprising if, during its next century, the Council of the Institute does not reflect much more obviously the growing role of acocuntants in industrial management.

A recent survey of the 68,000 members of the English Institute (of which 10,000 are resident abroad) has shown that only a minority of 47 per cent are in professional firms (whether as partners or employees). Some 35 per cent are in industry and distribution, and another 6 per cent or so are in the financial sector. The figures demonstrate the widespread role played by chartered accountants throughout the economy.

Membership of one of the chartered institutes remains perhaps the most highly regarded specific business qualification in the UK. Only in areas where other professional specialist qualifications are firmly entrenched do accountants fail to be strongly represented. Examples are insurance, the domain of the actuarial profession, and banking.

The senior industrial post most often associated with the chartered accountant is of course that of finance director. A study carried out in 1976 by the specialist headhunting firm Heidrick and Struggles (H and S) showed that some 81 per cent of chief financial officers of the 300 largest UK industrial companies were chartered accountants. Cost and management accountants, with 13 per cent, came a rather poor second. This is in strong contrast to the situation in the U.S., where under 40 per cent of chief financial officers had any kind of accounting qualification.

Gathered

Another more recent survey conducted by H and S covers new chief executive appointments in the UK. Data gathered during a three-month period in 1979 suggested that approaching a quarter of chief executives had gained their main experience in the area of finance.

It emerged that financial officers were rather more successful than production men in getting to the post of chief executive (although sales and marketing were considerably more common than either finance or production as main areas of experience).

The H and S survey of chief financial officers is current in the process of being updated, and enlarged to cover 500 companies. It is not expected to show any major changes during the past four years, but there will be a good deal of interest in whether chartered accountants have maintained theeir domination or whether the cost and management accountants have improved their position.

Clearly the chartered accountant has much to offer industry. But there is an increasing debate both within and outside the profession on whether the traditional training and career structure of the chartered accountant needs to be modified to suit the requirements of modern industry and commerce.

A striking development within the profession has been the emergence of pressure groups which reflect the views of industrial accountants. Thus the 100 Group of finance directors emerged out of the London Society of Chartered Accountants, and a Midlands Group has also been active.

The 100 Group has published two papers on the role and training of accountants, and has put forward the view that it should be possible for large companies as well as firms of accountants to train young people towards a chartered accounting qualification.

Such thoughts tie in with concern among the leaders of the profession over the polarisation of accounting firms. The rapid decline in the numbers of medium-sized firms is putting more and more of the responsibility for recruitment and training in the hands of a few large firms. There are fears that this will lead to more specialised and less adaptable young accountants. There is also some concern over the quality of recruits; the failure rate in the Institute's examinations is an uncomfortably high 70 per cent (though of course many succeed on second or later attempts).

Currently Mr. Eric Sayers is leading a study group which is considering how the Institute can best cover the requirements of industrial members. Meantime the Institute is making an effort to co-ordinate and publicise its services in areas like courses, technical resources and liaison with district societies.

Outside the ranks of chartered accountants the challenge is coming not just from the rival accounting bodies—notably the cost and management accountants—but also from the fast developing business schools. On the American pattern, these are aiming to provide qualifications which are more specific to a career in business. If they succeed, they could ease accountants out of their niche in industry and increasingly pus hthem back into the more specialised profession of chartered auditors, to which they are effectively confined in many countries.

Emergence

Another sign of growing pressure is the emergence within the past year or so of the Association of Corporate Treasurers. The function of treasurer is still not very common in any but the very largest British companies, but this is changing with the increasing importance of skilful financial resource management in conditions of unstable interest rates and exchange rates.

The appearance of a separate association which in due course plans to run its own examination has reflected a feeling that such areas of responsibility are not properly covered wither by accounancy or banking qualifications.

The question to be faced by chartered accountants is whether they should broaden their profession in order to adapt to changing conditions. And while it is new that this should be faced by the profession as a whole, individual accountants have of course always had to take vital decisions about the direction of their careers.

Typically, the young newly qualified chartered accountant has to decide very early whether he wishes to stay in professional practice or to move into industry. His training gives him little direct experience of industry, and unless he moves across by the age of 27 or 28 he is unlikely to pick up the skills whic hcan make him successful in line management.

By his early 30s the high-flying accountant will hope to be a partner in his firm, and at that stage the financial rewards in a large partnership will be so attractive that it would take something very special to make him take the jump to an industrial or commercial post.

The accountant in a medium-sized firm, however, may not be in such o fortunate position. Such firms are tending to lose their larger audits, and are being sucked into mergors which may upset the career structure of some partners. Accountants in such a position can comfort themesives with the thought that a number of prominent individuals have in fact made the transition from professional practice to industry at quite a late stage in their careers.

Examples include the ex-Price Waterhouse partner Mr. John Read, who became first finance director and then chief executive of Unigate, while another PW partner, Mr. Martin Harris, has become finance director of Reckitt and Colman after a spell at the City's Takeover Panel. Mr. Brian Jamieson, an executive director of W. H. Smith, came from Touche Ross.

Those who cross tne great divide have to become, in the words of the 100 Group report on training and development published last January, "financial navigators rather than historical scorekeepers."

Barry Riley

David Richards: Centenary President

TO ACHIEVE the presidency of a professional body in any year is recognition to be proud of. To hold it during a centenary celebration — as does Mr. David Richards, a senior partner of Deloitte Haskins and Sells, and this year's president of the Institute of Chartered Accountants in England and Wales — gives added gloss.

Mr. David Richards

It is the high point for him in more than a decade of serving a profession in a public capacity. In the '60s he was an active member of the London and District Society of Chartered Accountants and became its chairman in 1969. The following year he was selected for membership to the Council of the Institute and then went on to chair several of the council's committees. In 1972 he headed a report on the future of the district societies and about the same time took on "research." In 1974 it was "auditing" followed by "post-qualifying education." until on June 6 last year he took on the most coveted role of all as president.

His start in accounting came soon after World War II. Encouraged by his father, he left school at the age of 16 and went straight into Harmwood Banner as an articled clerk. Even in these early days David Richards was showing signs of a wider role he was later to play. At the time, he was the only articled clerk in the firm because of the war. Yet he soon became active in the students' society. He just managed to get in his intermediate exams before sampling life as a private in a tank regiment. After national service he was back at Harmwood Banner and qualified in 1951.

Like many young accountants, David Richards got itchy feet after a few years and an offer from a client to move into industry was tempting. However, a partnership offer was made at the same time — a big enough carrot to keep him in the firm. At 26 he became the youngest partner in Harmwood — on April 1, 1955.

It was perhaps during the next phase of his career that David Richards achieved most. In 1955 the London office of Harmood boasted only five partners. They set out to build up the practice. By merger and organic development Harmood built itself into a major force. When it joined Deloittes in 1974 Harmood had 1,100 staff and Deloittes has 1,600. The way in which the firm had developed was obviously a source of immense satisfaction to Richards and his colleagues.

Yet if Harmood's development was one of his treasured achievements it also brought about one of his deepest regrets of professional life.

Embarrassment

The Department of Trade's report on the collapse of London and County made specific criticisms of Harmood as auditors to the firm. Though in no way implicated, David Richards resigned his post on the Council's auditing practices committee because of the obvious embarrassment to the institute of his position.

What sickened David Richards most was the fact that Harmood had been a respected name for 170 years. There obviously was no chance to repair its reputation—the DoT report appeared after the two companies had joined—and now its name may be remembered for London and County rather than anything else.

But that is history and certainly his current position implies the absence of any stigma attaching to him personally.

The President, not surprisingly, is a man with firm ideas and an unyielding regard for the quality of his profession. He is strictly against accountants advertising and does not believe it will do anyone any good apart from the agents and the newspapers. He is against limited liability for members, taking the view that the professional man enjoys certain privilledges and has to offer unlimited liabfiity to the public for the advice he gies.

Discipline

As for self-regulation, he is strictly in favour. The procedures are now established where internal discipline can be very strict and accountant are, after all, one of the few professions where members are willing to give evidence against each other. There is an extreme position of trust which must be upheld, according to David Richards.

As his Presidency moves towards its closing weeks, how does David Richards see the coming five years? First, he is convinced that some form of continuing professional education will emerge. It is a subject close to his heart and he has devoted a good deal of time to the possibility of examinations to make sure accountants are fully up to date.

He does not see the various accounting institutes getting together in the next five years. The rank-and-file of the Institute voted more than a decade ago against a proposal to bring the six professional bodies down to three, a decision he regrets but understands.

Internationally David Richards wants to try and raise standards and sees UK accounts taking the lead in such development. An international organisation, along the lines of the Institute, is desirable, he thinks, but this will probably take more than five years.

Finally a word for the 2,500 to 3,000 accountants qualifying each year. David Richards still believes accountancy is "without doubt the best training ground" whether the individual goes into industry or into practice.

Terry Garrett

Controversy surrounds inflation reckoning

WITH THE publication at the end of March of Statement of Standard Accounting Practice (SSAP) No. 16 the UK and Ireland have at last acquired an officially approved system of accounting for price level changes. For the time being the arguments are over. But the Accounting Standards Committee (ASC) does not claim that SSAP 16 is perfect, and it will be prepared to consider revisions in three years' time in the light of experience.

By that time, too, the ASC may be able to consider the experience gained in the U.S. through the operation of the Financial Accounting Standards Board's (FASB) Statement No. 33 which was published last September. It is already being at least partly followed by some 1,300 of the largest American companies.

Why has this proved such a controversial subject? It has, after all, taken three separate exposure drafts before the ASC has been able to approve a final standard. It was as long ago as January 1973 that ED 8 was brought out, leading to the provisional standard PSSAP 7 the next year. But that was submerged by the Sandilands Committee, and the radically different ED 18 emerged in late 1976. The latter was killed off by a revolt of rank and file members of the English Institute who voted against compulsory current cost accounting in June 1977. It has taken considerable politieal skill on the part of the ASC and its offshoot the Inflation Accounting Steering Group to pilot through the modified version of current cost accounting set out alst year in ED 24 and now embodied in SSAP 16.

Contradiction

All this manoeuvring and controversy reflects a contradiction which lies at the heart of the new standard. It has been produced by a body called the Inflation Accounting Steering Group. Yet the explanatory note to SSAP 16 states specifically *that "it is not* a system of accounting for general inflation."

Most people (though not all) now accept that traditional historical cost accounting methods are unsatisfactory at times of unstable prices, and may in fact be dangerously misleading. But there are two different approaches to a solution.

One school argues that the problem is that general inflation is causing the accounting units—the currency—to shrink in value. Like is not being compared with like. The answer is therefore to adjust for general inflation. This was the theory behind the curernt purchasing power aproach which was set out in ED 8 and PSSAP 7.

But Whitehall has always been implacably opposed to systems of general indexation. The independent but Government-sponsored Sandilands Committee duly reflected official priorities and came down in favour of a politically less sensitive form of specific price adjustments. Indeed, in one remarkable passage the Sandilands Report suggested that general inflation did not exist at all.

This second school of thought argues that distortion of accounts is caused by changes in specific prices or costs. Rather than adjusting historical costs by some general index, it is necessary to allow for the impact of specific price changes on the assets of a business. Assets consumed will be charged at their current value *to the busines, so that* the operating capability can be maintained. The huge rise in oil prices in 1973 and 1974, demonstrating that specific prices could move wildly out of line with general inflation, was an important factor in the downfall of the current purchasing power method.

But when a Sandilands-type current cost method was outlined in ED 18, serious deficiencies became aparent. In concentrating on the values of specific assets, ED 18 ignored money. The banks, for instance, found to their alarm that although their balance sheets were highly vulnerable to inflation, ED 18 had no effect beyond a trivial increase in depreciation. The implication was *that* the *banks would not* get tax relief fo rthe damage done by inflation.

Elsewhere, the increase in the cost o fsales was deducted from profits even when—as with supermarkets—it was financed by outside suppliers and so did not affect the operating capacity of the business, More generally, profit and loss accounts were charged with very high interest rates which largely reflected the rate of inflation, whereas the holding "gains" on assets appeared only in the balance sheet. Companies with surplus cash were able to credit the very high *interest* to profits, *but* did not have to provide for the fact that the money could buy less.

Even now, there are vociferous proponents of the Sandilands-type system (though they no longer include Sir Francis Sandilands himself). Professor A. J. Merritt and Mr. Allen Sykes of 1974 "Doomsday Machine" fame have been leading a late crusade against the gearing adjustments contained in ED 24 nd SSAP 16.

Essentially Merritt and Sykes are concerned with the maintenance of the physical assets of a business, but not at all about how it is financed. While this might be from some points of view a valid capital maintenance concept, the ASC was persuaded several years ago that it is not a very useful one. In the event, ED 24 brought money into the system in two ways; debtors and creditors as well as stocks were included in the working capital adjustment, and an overall gearing adjustment was applied to feed part of holding gains back into the p and l account, in proportion to the level of debt finance.

Now the banks, for example, are happy that their needs are covered and they have been enthusiastically publishing current cost figures in recent weeks. But the final result in SSAP 16 is very much of a compromise. The gearing adjustment has the merit of being conservatively stated, but it lacks a proper theoretical basis. ICI has been calculating a gearing adjustment on a different, more theoretically sound, basis for seevral years but will now have to adopt the SSAP 16 method.

Moreover, SSAP 16 displays indecision over where the gearing adjustment should be credited; whether as an offset to the interest charge or as a below-the-line credit. And the standard still fails to cover the case of the "cash mountain" because there can be no negative gearing adjustment. Another limitation is that com*parisons with the previous* year's figures, and the trends shown by 5 and 10-year tables, are still misleading because they do not allow for the fall in the value of money. An expoure draft is promised on this shortly, however.

In the end, a more satisfactory integration of specific and general price adjustments will have to be developed. Exactly the same problem is currently being faced in the U.S., where the battle between current cost and general price level accounting is unresolved. Alarm by the rapid rise in the U.S. inflation rate, and pressured by the Securities and Exchange Commission (SEC), the FASB has *ben forced to rush out com*promise proposals.

Large American companies have had to provide supplementary general purchasing pwoer information this year, and next year will have to give current cost data as well (as some already have). The two approaches will therefore run side by side, and the idea is that the one that proves more satisfactory in practice will come out on top. Incidentally, the FASB has jumped ahead of the UK's ASC by insisting on inflation corrections to the five-year record for items like sales, earnings and the share price.

The contrast betwen the sudden launching of FAS 33 and the agonised ten-year gestation period of SSAP 16 says much about the strengths and weaknesses of the accounting profession on the two sides of the Atlantic. In the UK the profession has been much buffeted by the Government, *but there has never been a* body like the SEC in a position to seize the initiative.

Barry Riley

Enforcement of accounting standards

THROUGHOUT THE past decade the professional institutes of the accountancy sector have been establishing a body of standards by which companies should be guided in preparing their accounts. There are now 16 of these Statements of Standard Accounting Practice of increasing complexity and importance. The most controversial, elaborate and difficult to draft is the latest standard on current cost accounting.

Because of the special relationship which exists between government and the professional institutions such as the Institutes of Chartered and Certified Accountants, the new standard is mandatory for all companies which wil be required to prepare part of their accounts in accordance to current *cost pricniples for all* periods beginning after January 1, 1980.

But for all their outward compulsory appearance accounting standards are backed up by no formal enforcement procedures.

Until recently this was not seen as a major problem. Company auditors and finance directors, who had through their professional bodies drafted the standards, were regarded as the natural enforecement officers who could be relied upon to press company boards into compliance.

In the main such enforcement was effective, but as the number of standards proliferated and as new standards imposed ever tighter restrictions on board flexibility over central and fundamental issues, fears began to grow that individual accountants on their onw could fight losing battles with recalcitrant boards.

Already we have seen property companies and insurance groups managing to evade standards designed to harmonise treatment of property assets by way of depreciation. The banks have also declined to accept the full details of current cost accounting because of the problems attached to monetary assets.

Submissions

In both these cases the accountancy bodies have accepted the submissions of whole sectors that they should be formally excluded from having to follow the standards. Others, losing such an argu*ment, might simply* refuse in practice to apply them.

During 1978 the Accounting Standards Committee (ASC), the authority jointly set up by the different accounting associations to draft accounting standards, recognised the problems and proposed to start formal supervision of companies' compliance with standards.

The first suggestion, following a series of public hearings about standards in general, was that the Stock Exchange should provide the policing.

Its famous "Yellow Book," which lays down the procedures and rules by which publicly quoted companies bind themselves, states that one important requirement is that companies comply with relevant accounting standards.

During heated debates the Stock Exchange was accused of failing to enforce one of its ofn rules and demands were made for it to begin doing so. However, after some discussion the Stock Exchange refused to act as policeman, arguing that it was not the competent authority on accounting matters.

The Stock Exchange argues strongly that its response was misconstrued in some quarters as indicating that it had no interest in the enforcement of accounting standards. As a *result it was not for some* time that any progress was made on the question of enforcement.

In the interim the Accounting Standards Committee had published the consultative document "Setting Accounting Standards" which is now expected to be published as a formal guideline in the late summer.

One of the important issues to be settled in the document was the question of enforcement. It now appears that this issue is on the brink of settlement.

A small high level working party comprising representatives of the ASC, the Stock Exchange and the Council for the Securities Industry, has already reached agreement that enforcement should be in the hands of a City panel, similar to that of the Takeover Panel, with representatives of the major professional bodies, companies and company accounts users.
users. The accounting bodies themselves, the Stock Exchange and the CBI wiH each have prominent representation on the panel.

The Stock Exchange has retreated from its earliest position that it could not offer a policing function to the compromise that it will act as a first-line warning system by informing the panel of any departures from accounting standards which are brought to its attention. This is a major move, since the Quotations Department of the Stock Exchange—as part of its routine function—vets all public documents by listed companies. Now the working party is in the final stages of drafting the parameters within which the standards panel will act.

In draft form the proposals are for the panel to supervise three specific types of enquiry or problem about accounting standards. Those are where:

- companies complain about the application of standards which they feel inappropriate to their individual case
- individuals or groups complain that auditors are failing to persuade companies to adopt appropriate standards, or *have failed to see departures* from standards
- companies refuse to comply with standards.

Like the Takeover Panel, the standards panel would not have the backing of legal sanctions but would rely on the pressure of self-regulation through publication of its criticisms. The Stock Exchange would also help in leaning on "bloody-minded" companies, though it is likely to avoid except as a final step the threat of suspending quotation of a company which does not comply.

Effective

The experience of the Takeover Panel has shown that self-regulation, depending solely on the power of public censure by a highly respected body, is effective in most cases and has the double advantage of being a swift and inexpensive way of passing judgment on important issues compared with the process of law through statute. But there have been individuals which have flouted the Takeover Panel and fears have been expressed in some quarters that major companies might feel themselves in an even stronger position of impunity in flouting a standard panel.

For this reason a strong body of opinion is still calling for the *introduction of statutory enforcement* measures. It would in fact be a simple matter to provide statutory backing for accounting standards. Machinery already exists by which the Department of Trade is empowered under the 1948 Companies Act to amend its accounting provisions by statutory instrument. SSAPs, therefore, could be given statutory force without even the need for new legislation.

Meanwhile, the self-regulation system *unique* to the UK where professionally established standards can still be said to be "mandatory" will be further advanced by the establishment of a standards panel.

Christine Moir

Landmarks for the profession

"OUR SOCIAL position was not enviable," Mr. Ernest Cooper, one of the founders of Cooper Brothers and Co., wrote in 1921 of the status of accountants in the latter half of the 19th century. Mr. Cooper went on: "We may disregard the then current gibes that of an accountant were required, he would be found at the bar of the nearest tavern to the Bankruptcy Court in Basinghall Street, and that an accountant was a man who had failed in everything else. . .

Accoutancy has come a long way since those days of supervising bankruptcies and propping up City bars. But the evolution of the profession has been a curious one, relatively slow until World War I and then with a growing tempo of activity.

But a few early landmarks stand out. Mr. Douglas Morpeth, chairman of Touche Ross, singles out the writing in 1881 of the first textbook on auditing by one Francis Pixley, with the ponderous title of Auditors, Their Duties and Responsibilities under the Joint Stock Companies Acts and the Friendly Societies and Industrial and Provident Societies Acts.

Threatening

The Pixley book, advocating that all companies employ an auditor, was peculiarly timely. On the one hand ,as Sir Henry Benson, industrial advisor to the Governor of the Bank of England and retired senior partner of Coopers and Lybrand, points out, legislation two years earlier required all banks to have auditors. And two years later, in 1883, the Bankruptcy Act established an Official Receiver, thus threatening to remove the accountants' staple insolvency business.

The next major event for the profession was legislation in 1900 requiring that all companies have an annual audit. From then until the late 1920s there seems to have been little development.

It was a period in which the first moves to become international occurred. "It was seen that the U.S. was going to be a developing economy with a good deal of investment and so a good source of business," Mr. Morpeth says. "Sir George Touche was very much involved in investment trusts and I think he felt the need to keep an eye on the increasing amount of foreign investment."

But the main movement to international firms was not to come until after World War II.

"Between the wars the profession largely went to sleep, Sir Henry recalls. "I came in in 1926 and we were concerned mainly then with auditing and a certain amount of taxation. There was nothing like the range of duties now.

The tranquility was shattered in 1931 by the Royal Mail Steam Packet Line scandal which resulted in its chairman, Lord Kylsant, going to jail for issuing a false prospectus and the Price Waterhouse auditor being charged for approving false accounts. The auditor was acquitted but the scandal ended the respectability of secret reserves, except for banks and insurance companies.

Mr. Stanley Duncan, retired senior partner of Price Waterhouse, explains that during World War I many companies established secret reserves, partly because it was unseemly to be seen to be profiting from the war. These were then drawn on to bolster profits during the lean years that followed. "The Royal Mail case had a profound effect on us and it led to the 1948 Companies Act which tightened up a lot of these things," Mr. Duncan says.

It was also in the 1930s that ICAEW began to accept as council members chartered accountants who were working in industry. Frederic de Paula was the first industrial member of the council of ICAEW and was active in promoting statements on accounting principles. This led to the publishing of a series of recommendations on accounting practice, beginning in the 1940s.

The first major landmark of the post-war period was undoubtedly the 1948 Companies Act and in particular its requirement that all companies publish consolidated accounts. The movement for this change had been underway for many years. Sir Anthony Burney, chairman of Debenham's, remembers the senior partner in his firm advocating it in the 1920s and 1930s.

Sir Anthony, as an accountant working in industry, also cites the development of management accounting in the 1940s. "It was frowned upon as inexact but I think it was a major move forward. Accountants started thinking about helping executives manage and control the business instead of telling them several months later what they should have done. Now it is the major part of consulting practice."

There followed a quiet period in the 1950s and the first half of the 1960s broken only by the increasingly frequent publication of recommendations on accounting practice. In 1952, for example, a recomendation called for experimentation on accounting for changes in the purchasing power of money. "We are still there," Mr. Duncan says.

Others concerned events occurring after the balance sheet date, retirement benefits, stock-in-trade, general principles of auditing and hire purchase.

Then suddenly in the late 1960s, the profesion moved on several fronts at once.

Responding to the aftermath of a number of scandals, it tightened standards of both accounting and auditing and imposed new disciplinary procedures. On its own initiative it improved education standards and launched efforts to develop international standards. It attempted—in vain—to integrate the six main accounting bodies in the British Isles and struggled long and hard to find an acceptable form of inflation accounting.

In 1966 Sir Henry Benson, then president of the ICAEW and senior partner of Coopers, organised the Accountants International Study Group (IASG) to make comparative studies of current trends in accounting thought and practice in the U.S., Canada and Britain.

In 1972 representatives of these three countries met again at Sydney, Australia, and proposed accounting standards for international use, an idea endorsed the following year by representatives of 16 accountancy bodies from nine nations. The resulting International Accounting Standing Committee (IASC) is now accepted by 58 accounting bodies in 44 countries, has produced 13 standards and is working on several other issues.

While accounting bodies were coming together on the international front, they were having less success at home. The ICAEW finally accepted the Incorporated Accountants in 1957 but it rose up against an attempt by Sir Henry Benson in 1969 to unite the six remaining British accountancy bodies. "It was the greatest disaster." Sir Henry says. But he admits, "we tried to do too much too quickly. If we had gone along doing a bit at a time, we would have had it within 10 years."

Disaster

Mr. John Grenside, senior partner of Peat, Marwick, Mitchell and Co., is not very optimistic about another attempt. "There is not much pressure for it now. Another failure would be catastrophic."

Meanwhile, pressures were building to replace ICAEW's voluntary recommendations of accounting practice with binding standards. The Rolls Razor scandal in 1964, the furor over the AEI-General Electric merger in 1969 and the secondary banking crisis of 1973-74 all pointed up the inconsistencies of accounting practice, of auditing and of discipline within the profession.

"In the 1960s, we got a bit complacent," says Mr. Grenside, who chaired a committee in the mid-1970s that drafted a new disciplinary procedure. "The business scene was becoming significantly more complex requiring far greater technical expertise on our part. Business morality had become, let us say, more robust."

The first result was the formation of the Accounting Standards Committee (ASC) in 1969-70. It has since pushed through 16 mandatory standards in a wide range of areas. Currently the profession is taking a close look at the committee's procedures. Responding to pressures from concerned outside bodies, representatives of industrialists and financial analysts may be invited to sit on the committee.

"I think a fairly modest restructuring is needed," Mr. Grenside says. "We also are looking for some way of monitoring the implementation of our standards, at least for listed companies."

More recent moves include the implementation on January 1 this year of the joint disciplinary scheme that resulted from the Grenside committee. They give the accountancy bodies the power for the first time to discipline accountants and firms for bad workmanship in cases of public concern. Another move, implemented last month, was a set of auditing standards backed up by detailed guidelines.

The profession's other major effort in the past decade has been the development of a standard for treating the effects of inflation on accounts. It started in 1973 with the publication by the ASC of a paper (ED S) calling for current purchasing power (CPP) supplementary accounts. Rejection of CPP by the Government's Sandilands committee in 1975 caused the accounting bodies to set up a steering committee under Mr. Morpeth in 1966 to develop a current cost (CCA) standard. Their first draft, ED 18, was rejected in July 1977 after a surprise revolt by the membership.

"I thought that with inflation high at the time everyone urgently wanted to get on with it," Mr. Morpeth says. "Clearly that wasn't the case. I was very disappointed. I don't like being beaten."

Nevertheless, Mr. Morpeth went back to work, accepted that people were not ready to shift suddenly and completely to CCA accounting, and produced a new proposal that would allow companies to produce both CCA and historic cost figures. It was accepted and came into effect in January this year as SSAP 16.

"We haven't done badly," Mr. Morpeth concludes, "to get it out in four and a-half years. The UK is the first country to produce an inflation standard that applies to all listed companies."

Ian Rodger

Advance of articled clerks

AS ARTICLED clerks we used to call ourselves the "Purple Ink Brigade." That was only half accurate because on alternate years our various ticks and other endorsements of a "true and fair view" were undertaken in green ink.

No matter. Nor did we seem to care that the managers and exalted seniors had other names for us; gash goons, for some arcane reason, being one. For even if our annual duties included agonisingly long weeks in the sub-vaults of a major insurance company verifying new mortgages and grappling with machine ledgers in the most out-of-the-way towns in the East Midlands, we could at least say we were being paid. An earlier generation, of course, paid their principals a premium for instruction in the fine art of auditing.

Yet although some of the post-graduates in larger firms were beginning to receive quite handsome salaries, there was no way that we could have foreseen the time when all members of the Brigade could contemplate a living wage. The age of computerised accounts was just dawning. Inflation was purely a South American phenomenum.

Thrust

That was in the mid-sixties. The intervening years have seen many changes. The thrust of these moves has been to lift the standard, and scope of a clerk's training. Matriculation with five O Levels was phased out in 1971 but the idea that the clerk should learn at what the Institute disparigingly calls "Nelli's elbow" still persisted. Formal instruction had been almost entirely transmitted by correspondence courses, dominated by Foulkes, Lynch.

The Education and Training Directorate is responsible for three committees—examination; members' education and training; students' education and training. The latter has been split into no fewer than four sub-committees and a Board of Accreditation of Colleges and Courses to replace the venerable Articled Clerks Committee, which had been formed in 1880. The fact that the Recruiting, Training, Regulatory and Board of Accreditation of Authorised Principals sub-committees now stand in its stead is a measure of the importnace the Institute now attaches to training and to the diversity of their functions.

Despite the drive for more rigorous training and an adaptation of the examinations as a test of thinking and application rather than a regurgitation of the text books, the Institute has not followed various other professional bodies in insisting on graduate entry.

The test of entry is simply whether the clerk would have gained a degree at university had he or she taken a course of higher education. But the old intermediate examination which was usually taken 18 months after the articles commenced has been abolished and non-graduate clerks are now required to take a 12-month academic foundation course, followed by an examination. What had been the gruelling, four-day, 10 paper Final examination, later superseded by Parts I and II of the Final, has now given way to the First and Second Professional Examination.

The high priority now given by the Institute to management accounting, computing and financial decision making is illustrated by their inclusion in the range of papers.

The emphasis on education is also illustrated by the fact that the clerk no longer signs articles. He or she now signs a training contract which must be kept by the student and discussed at least twice a year wih the principal.

Other than a vested interest in the quality of a clerk's auditing skills while under their tutelage, the firms are of course beginning to pay their trainees quite respectable salaries. The premium had largely disappeared 20 years ago and the Institute now safeguards against unfair conditions or even a suggestion that clerks are used as nothing more than slave labour by setting up a wages floor, or a basic registrable salary. For the moment, these are set at an initial £1,650 per annum in the provinces and £2,000 in London; insufficient obviously for financial independence but an increase is due in June and clerks can expect a useful basic pay rise.

While the firms are now expecting better educational requirements and more rigorous training for their money, the Institute, in turn, is demanding more from a principal.

Minimum

The days, in fact, when any member could act as a principal to a quota of four clerks as of right are now over. In 1975 the Education and Training Committee approved a suggestion by the Board of Accreditation of Authorised Principals that minimum standards of student training to be achieved by principals should be laid down.

Examined orally, the aspiring principal must now satisfy the Board of Accreditation that his practice is sufficiently well established to undertake responsibility for the training of clerks and is likely to continue to be sufficiently well established in the foreseeable future, that the work undertaken by the student is ultimately supervised by a partner or a qualified chartered accountant and show that he is aware of the many other requirements designed to prepare the student for the professional examinations and, ultimately, for a career as an accountant in the profession.

The principal must agree to grant each clerk his right to 22 weeks paid study leave within the length of the training contract, and in addition a further four weeks. If the trainee requires more time off to prepare for the Professional Examination, the contract must be extended.

The concept of professional tutors, often offering residential courses, has been growing up quickly in the last decade or so and the Association of Independent Tutors of Accountancy is now firmly established as a thriving, competitive but self-regulatory private sector. Use of the public sector, through polytechnics and the like, is still relatively small.

The articled clerk is also changing. In 1969 a fifth of the intake held degrees; last year graduate entry amounted to 72 per cent of the clerks signing training contracts.

Women too are playing an increasing role in the accountancy profession, with the number of female entrants rising from 2 per cent to 22 per cent of the intake over the polarising towards the larger same period. But clerks are polarising towards the larger firms which, in turn, are advertising more energetically to make sure they win their full share of the graduate cream.

Wherever the new clerk goes, he or she can be sure that success in the professional examinations does not mark the end of study. The Institute makes no attempt to direct a new member towards a further specialist diploma in, say, taxation but the authorities are now more than ever anxious to attain a continuum of training in the recognition that qualification is not a "sudden attainment of a state of grace."

The shift from student to membership is made less abrupt by what is known as Continuing Professional Education, which requires a newly qualified accountant to serve for two years under a supervisory principal and to study for 120 hours over the first three years of qualified life.

In fact, to receive and maintain a practising certificate an accountant must study and retrain throughout a professional career—"until death or retirement"—and thus keep up some of the disciplines he or she accepted as an articled clerk. Doubtless today's articled clerk will be gratified that the principal must still reach out for the text books.

Ray Maughan

Training and its objectives

THE OBJECTIVE or end-result of education and training must be to enable prospective members of the Institute of Chartered Accountants in England and Wales to gain the knowledge which they will require and to develop skills in applying it. The Interim report of the Institute's Education and Training Directorate contains a seven-point statement of objectives but six out of the seven items relate to entry and examination methods rather than to end-results.

If the objective is the provision of knowledge and skills, what knowledge and skills do chartered accountants require? All require a common core of accounting knowledge but beyond this there is a divergence of needs. The divergence arises from the ever-widening range of careers which, up to the present, has been available *to members after qualification.*

It would be impractical to require pre-qualification education and training for the whole of this range even on the assumption that each student could predict his future. However, there could be a recognition of the differing needs of the two distinct categories of chartered accountants, already acknowledged as such on the Council and elsewhere.

Education and training could be organised to cater for two streams, one of which would be practice based. The other, non-practice-based stream would effectively be for industry. Suitable members in industry could be accredited as principals in training contracts. Many large industrial and commercial companies already operate well-organised training schemes for other accountancy bodies. It would have to be ensured these and other newly established schemes were comparable with those of the large professional firms and that the companies were willing to bear the costs involved, which are considerable.

Is the need for more suitable training for chartered accountants in industry a sufficient justification for change? If there are benefits to students which are unique t practising offices, then they should not be abandoned lightly.

The benefits most people would instance are:

- A practising office concerned with the maintenance of high standards of accounting is the best place for a student to gain basic accounting knowledge.
- *Experience* with a wide spread of clients provides an insight into many differing industrial and commercial operations.
- A professional standpoint is obtained which fosters objectivity and integrity.

These benefits undoubtedly are provided by the major practising firms but there are attendant drawbacks:

- Practising offices deal almost entirely with past events.
- Expertise is gained in meeting accounting and auditing standards which increasingly require conformity rather than the exercise of judgement.
- No contribution is made to wealth creation. At the most, some advice is given to clients but there is little interpretation of results and no part is taken in decision making.

The increasing pressures on accountants in public practice, national and supra-national legislation together with accounting, auditing and ethical standards are demanding a meticulous and legalistic approach to accounting. This accounting for history with little, if any, connection or contact with financial or other management functions is in absolute contrast with what is required from accountants in industry.

This is the crux of the matter. Industry wants accountants whose education and training has been conditioned by working with people who are making things happen. Their financial expertise should have been developed in connection with current operations and forward *plans. For them, financial* reporting of past performance has to be seen as an essential but secondary function.

Chartered accountants who are finance directors play a full part in the top management team. Their staffs are engaged in specialist functions such as management accounting, tax planning and foreign currency management, all of which are concerned primarily with the creation of wealth. This is the purpose of accounting in industry and the education and training of its accountants should support it unequivocally.

To take the argument a stage further would be to propose a complete separation between practising and industrial accountants. This separation is already the rule in many other countries and the Institute of Cost and Management Accountants *could* say with some justification that we are not far from it in the UK. Integration of the profession, which so nearly succeeded a decade ago, would be the best solution to the problem and training would be streamed as a logical result.

Within an integrated profession, the relationship of practising and non-practising *accountants would be clarified.* Short of integration, there is no reason why the same clarification should not be apparent in the Institute, as a minimum, in the streaming of education and training.

The two streams would be far from isolated from each other. The common core of accounting knowledge would remain. There would be many links at audits and in such matters as taxation, *acquisitions, investigations* and so on. Movements from practice to industry and vice versa would continue and secondments in either direction during training would be beneficial to both kinds of *student*

The essential difference would be that of attitudes. The student inclined to think of accounting as an end in itself could be expected to train in a practising office and stay in practice. *The* student seeking a career in financial or general management could be expected to seek a training contract in industry. Each would develop attitudes which would assist them in their choices. At present, many chartered accountants entering industry suffer the handicap of a wrong attitude which has to be painfully unlearned, asuming that this is possible.

The debate on the Institute's education and training is part of the wider process of this country's adjustment to changing times. Manufacturing industry is short of properly trained engineers, finance managers and high grade entrants generally. The engineering profession is considering changes, the business schools are already starting to provide well-trained numerate managers, many of whom are seen as preferable to chartered accountants.

The Institute also must face the future on this issue. There is something to be said for the belief of the Education and Training Directorate that the personal professional qualities looked for in chartered accountants, wherever they work, are those developed in a practising office. However, the desirable features of these qualities could be brought out by principals to training contracts in industry if accreditation was extended to them. The less desirable features which at present handicap some newly qualified members entering industry could be avoided and the qualities required of a financial manager substituted.

Members cannot hope to have the best of both worlds by a policy of procrastination. They have been fortunate up till now, having been accepted into many fields of management outside practice. This will not continue if they do not adapt to changing times. Does the Institute want the top positions in industry to remain available to chartered accountants? If so, it must offer suitable education and training.

Alternatively, is it the view that the Institute does not want to move with the times? Change is not necessarily beneficial, big is not always beautiful, and when organisations enlarge their spheres of influence they frequently dissipate their strengths and lose their sense of direction.

These are the reasons which could justify concentrating members' energies to remain chartered accountants rather than financial managers. What cannot justify inaction in the face of changing times is inertia or a desire to retain an air of professional gentility left over from more gracious days.

The preferred course would seem to be for the Institute to acknowledge the existence of two kinds of chartered accountant and plan for the future by re-shaping education and training. This would include the accreditation of suitable principals for training contracts in industry. What is required of members is that they should make a positive decision so that even if no changes are made, this is a conscious policy rather than a continuance of drift.

P. J. Custis
Finance Director, GKN

Indirect steps to unification

COMMENTING ON the results of a questionnaire which showed widespread internal discontent about the organisation of the accountancy profession, Professor David Solomons concluded: "By 1980 the pressures making for a unified profession will be irresistible." This has proved to be an exaggerated prediction, although the Councils for the accountancy profession are hearing, even above the noise of centennial celebration for one of the member bodies, an ever-growing volume of demand for them to reconsider the unification of the bodies which constitute the first division of the profession.

It is 10 years since a combined proposal to merge the Institutes of Chartered Accountants in England and Wales (ICAEW), Scotland (ICAS) and Ireland (ICAI) with the Association of Certified Accountants (ACCA), hte Institute of Cost and Management Accountants (ICMA) and the Chartered Institute of Public Finance and Accountancy (CIPFA) was put to the vote. The "Scheme for the Development of the Great Britain and Ireland" was published in July 1978 and after two years all but the ICAEW obtained the required majority in favour of merging these bodies in order to divide the membership into streams according to specialist skills.

Even though subsequent proposals for change (notably Professor Solomons in his "Report of the Long Range Enquiry into Education and Training for the Accountancy Profession" have made the assumption that the bodies will merge sooner or later, all moves in that direction have either been halted or diverted into more immediately practical avenues of co-operation. We can therefore see that although uniformity on the application of the basic tenets of the profession is a long way off, as si any fundamental re-organisation, there has since the 1960s been a gradual merger of interests within the profession.

In the field of education there is the Advisory Board for Accounting Education, and all six bodies participate in the Joint Diploma in Management Accounting Services. The profession has also come together when dealing with accounting and auditing standards through the Consultative Committee of Accounting Bodies (CCAB), the Inflation Accounting Steering Group, the Accounting Standards Committee as well as—outside the domestic scene — through the Accountants International Study Group, the International Accounting Standards Committee, the Union Europeene des Experts Comptables Economiques et Financiers and the International Federation of Accountants. Agreement has been *reached, however,* among bodies on ethical and disciplinary standards and procedures and on fiscal, Parliamentary and legal matters of common concern.

Discussions

This merging of interest is on the increase and there are many more examples of co-operation and joint action, to say nothing of frequent discussions among the bodies — all of which, however, fall short of suggesting another attempt at integration.

The history of the accountancy profession has, however, long been one of mergers. Separate development of the Scottish Socieities of Accountants found in Edinburgh Glasgow and Aberdeen midway through the last century came to an end before the advent of this. Over the border in England, societies in London, Liverpool, Manchester and Sheffield were merged by the Royal Charter of 1880 and in 1957 the English Institute joined with the Society of Incorporated Accountants to form a body as large as the rest of the profession put together.

The Irish Institute, which received the Royal Charter in 1888(is distinguished by the fact that it covers both Northern Ireland and the Irish Republic and consequently successfully overcomes the different legal and educational systems which have prevented most other forms of union.

The Association of Certified Accountants was started by the merger in 1939 of the London Association of Accountants and the Corporation of Accountants with the Institution of Certified Public Accountants and the Central Association of Accountants, which were both formed at the beginning of this century.

Since 1970 various forms of merger have been suggested. Some plans have envisaged a grouping of the "Chartered" bodies in Sotland, Ireland and England and Wales with the ACCA *but dropping* the ICMA and the CIPFA. Other proposals have opted for a federation of independent accountancy bodies or separte but reciprocal membership. A Council of Accountancy Institutions on the lines of the set-up in the engingeering profession) has been mooted but no official schemes have been put to the members of any of the bodies since the failure of the 1968 integration scheme.

Nevertheless the accountancy profession's preparedness to engage itself in matters of public and national interet at home, in the EEC and elsewhere has focussed its constituent bodies the attention of social, public and industrial agencies to a degree that there is now an urgent need to rationalise the structure if not the organisation of the profession. There is, moreover, a generally accepted need to speak with once voice to the Government, to the courts, to the Department of Trade and Industry, to the Stock Exchange, to the educational establishments and to the public — not to menion the multitudious national and international accounting bodies.

It is also generally accepted that the boundaries which divided the accountancy profession will, either by internal or external forces, be re-aligned. Nevertheless the inevitability of this fact makes neither the form any more certain to predict nor the means of achieving this objective any easier to attain. The social, commerial(governmental, EEC and economic pressures which combine to bring the accountancy bodies together are met by an opposing force which demands greater specialisation, a more precise and recognisable form of accreditation and a larger measure of independence and self-determination. There remains in the minds of members a substantial institutional pride in, and jealousy of, their respective bodies which will be as hard to overcome today as it was in 1970.

Since that time however the profession itself has changed, not least by the polarisation of the public accounting firms into much larger and internationally orientated practices. Perhaps also the very disciplines which branch away from the common body of knowledge of the profession are less consanguinlous than they were a decade ago.

It remains a desirable objective, however, to *realign* the boundaries of the profession and to educate, train and examine accountants in accordance with their chosen stream. The present fragmented structure militates against this and as a result a form of moratorium on fundamental development has been declared which has been to the detriment of the influence and position of the profession and has created a confused and indecisive periphelra superstructure.

The CCAB is the most important example of this superstructure and is the nearest the profession has to a Council of Accountancy Institutions. Yet it has proved to be (by its constitution it is more of a forum than a decision-making body) both slow and weak. Despite the fact that there is at present a very high level review into the function and constitution of the CCAB it is unlikely that any representative body can hope to possess the advantages which a unitary professional body can grant.

Improved

In many ways the failure of the 1968 proposals served to close the technical and educational gaps between the six bodies. Both the ACCA and the ICMA have been granted Royal Charters and since 1970 have greatly improved their standard of intake and examination. The ICAS has to a more noticeable degree grown apart from the other bodies and has got on with being a teaching institute. CIPFA has widened its scope following the grant of a Supplementary Royal Charter in 1973 and has moved away from its limited concern for local authority treasury and accounting offices towards matters of more general financial import.

Notwithstanding these changes and the major shifts that have taken place in the position of the profession in industry and commerce a vote taken tomorrow on the 1968 scheme would *be more likely to succeed than* it was in 1970 and the diminution in support for the idea in certain parts of the profession, notably Scotland, would be overcome by the logic of building upon the successful examples of co-operation and merger that exist at the present time.

The likelihood is, however, that the Councils will move slowly towards the ultimate goal and develop common standards, codes of ethics, education and training programmes and policies rather than put forward prematurely another integration scheme for the vote. On that the Councils are immovable, even if the pressure making for a unified profession are all but irresistible.

P. R. Pennington-Legh

Guidelines for auditing practice

BRITISH ACCOUNTANTS were presented with their first-ever auditing standards and guidelines in April this year. These should stimulate a more uniform approach to auditing and reporting of company affairs.

The new rules do not, however, require an automatic reference to changes in accounting policies being applied in the production of financial statement. Therefore this regular source of confusion for UK annual report users is likely to persist.

Nor do the new standards promise to do much to reduce the number of corporate scandals and resultant voluminous inspectors' reports with their all too frequent damning criticism of members of the accounting profession.

The essential element for an effective audit of a company's affairs is the auditor's personal judgment. No rules can ever substitute for this any more than they can be applied to a judge and jury in a cortroom. In those cases—now well documented or yet to be detected—where auditors have failed to sound any alarm with disastrous consequences for the unwitting investors and creditors it is usually the human factor that is at fault.

It is no surprise to hear that some company directors attempt to push pieces of questionable accounting past their auditors. But many eyebrows outside the profession will be raised to discover that on average an international accounting firm in this country can expect to be faced with this situation three or four times a year with the managements of leading-name company clients.

Frequently, auditors say, it is only the threat of a qualified audit report and the weight that an international auditing firm's name carries with the public that persuades the management to back off and the incidents go unrecorded.

One may then ask what happens when similar pressure is applied to a smaller audit firm with less muscle and with a more anxious eye on the potential loss of a valuable audit fee. At the end of the day in either instance it is the conscientiousness and integrity of the auditor that counts and accountants are a no more or less fallible or incorruptible group of people than any other.

Therefore, why after 100 years of an organising accounting profession in England and Wales and some 125 years in Scotland, have the UK accounting bodies chosen this moment to issue auditing standards, and what good are they?

Prodded

The accountants were prodded into action in 1976 by the then Trade Secretary, Mr. Edmund Dell, who warned that if the profession did not tighten up its auditing practices the Government would produce its own rules. Having long jealously guarded their independence and with a wary eye on the U.S. where accountants' independence today is seen as being totally under siege from the authorities, the British accountants knew they had to do something positive.

The Consultative Committee of Accountancy Bodies set up an Auditing Practices Committee comprising members drawn from the four accounting bodies whose members are permitted to audit company accounts — namely the Institutes of Chartered Accountants in England and Wales, of Scotland and of Ireland, and the Association of Certified Accountants.

In 1978 the Auditing Practices Committee published a discussion draft which attracted 240 comments covering around 1,500 pages. In addition the committee had discussions with a number of interested parties including the Inland Revenue, Customs and Excise and the banks, but notably not with any organisation representing the front-line users of reports and accounts—namely the shareholders and investors.

In the forward to the finished product the committee concedes tht it would be impractical to establish a code of rules sufficiently elaborate to cater for all situations and circumstances which an auditor might encounter. "Such a code could not provide for innovations in business and financial practice and might hinder necessary development and experiments in auditing practice," it said.

It concluded, therefore, that: "In the observance of auditing standards the auditor must exercise his judgement in determining both the auditing procedures necessary in the circumstances to afford a reasonbasis for his opinion and the wording of his report."

The first three standards—"The auditor's operational standard," "The audit report" and "Qualifications in audit reports"—cover less than three pages and total around 500 words while a further 38 pages are devoted to explanatory notes and guidelines. The standards apply to financial statements relating to accounting periods starting on or after April 1, 1980.

The phrase "true and fair view" is retained for the audit report. To express an opinion that a financial statement gives a true or fair view of a company's affairs, the auditor must, among other things, satisfy himself that all relevant accounting standards have been complied with, except where they are not strictly applicable or, exceptionally, would be "inappropriate or give a misleading view."

He must also be satisfied that any significant accounting policies employed to produce the accounts, which are not covered by accounting standards, are appropriate. If he is not happy with everything then he must consider qualifying his report. Qualifications will generally fall into one of two categories. Either there is an uncertainty which prevents him from forming an opinion on a matter (uncertainty); or he is able to form an opinion but this conflicts with the view given by the financial statements (disagreement).

If the uncertainty involves something material but not fundamental he should make his report "subject to" the outcome of this uncertainty, but if it could have serious impact then he must withhold an opinion. Where there is disagreement that is not fundamental he may make a favourable report "except" for the subject of the disagreement. If them atter is fundamental then he must give an adverse view in his report.

Understandable

Thec ommittee says that the principles set out in the audit report standards are intended to make qualified reports more understandable by developing a consistent use of language to distinguish the type of qualification appropriate to different circumstances. Normally, if the auditor is issuing an unqualified opinion he should not refer to specific aspects of the financial statements in the body of his report as it may be construed as being a qualification.

He should instead draw attention to the matter in a paragraph separate from his opinion, but not use this as opportunity to make up for a lack of disclosure in the accounts or as a substitute for a qualification. In other words, the auditor should not go for the soft option and believe he has discharged his responsibilities by mentioning a significant issue in away that does not upset the client company's management.

In reality the questions raised during a audit are not so clear-cut and the auditor can be obliged to tread a very cautious path. For example, he cannot say he has a "gut" feel that the directors are a bunch of crooks when there is nothing concrete on which to base this view. All he can do is flash a few warning lights and hope there is someone out there to recognise their meaning.

As the *foreword to the* standards points out, the responsibility for the prevention and detection of irregularities and fraud rests with the management. Even so, the auditor should plan his audit so that he can reasonably expect to detect material mis-statements resulting from fraud. In this respect the standards may help reduce the auditor's liability should a fraud arise, for he can produce the standards and guidelines to support his submission to a court that his work was "adequate."

It could be said that this aspect of the standards will actually work against the public interest. The one factor that might have made a rogue auditor think twice in the past before turning a blind eye to a fraud was that he may not entirely escape being sued by the victims should the crime be uncovered.

So just what, if any, benefits are to obtain from the auditing stndards and guidelines? First and foremost they are a public relations exercise by the accounting bodies, which realise that to satisfy the critics they must not only be efficient but must be seen to be efficient in policing their members. While guidelines alone would have been more appropriate because of the subjectivity of auditing practice they appear less enforceable than standards and would not be so likely to satisfy the governmental authorities.

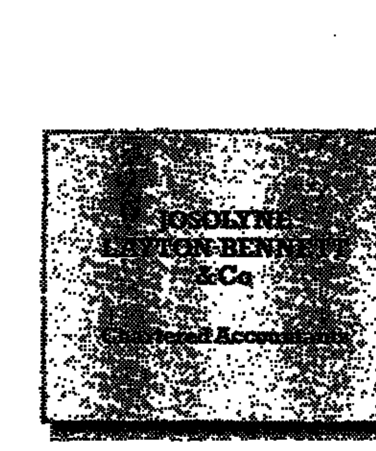
Secondly, the advent of the standards has made most auditing firms review their internal practices to ensure they match up to requirements. Though the standards are to a great extent a *formalisation* of existing Institute recommendations most accounting firms have had to modify their procedures in some way because of them. A few have even found it impractical to come exactly into line. In this area the standards are good news in that the net effect should be greater consistency in the mechanics of auditing throughout the U.K.

As the standards also incorporate the principles on which the auditing statements of the European accounting co-ordinating body, the UEC, and the vague guidelines of the international body IFAC, are based, one might assume that they should make British company accounts more readily comparable with those of foreign enterprises.

Regrettably, it will be a long time before there is such comparability. The new UK standards do not apply to the audit by British accountants of overseas companies save where their accounts are to be incorporated into UK or Irish company's financial statments.

There the ambiguity of some audito reports issued by members *of the British accounting* profession overseas which state that the audit has been conducted "in accordance with generally accepted auditing standards" without specifying which standards, is likely to remain.

Christopher Cameron-Jones



Progress towards self-regulation

IN THE past month the disciplinary procedures of the professional accounting bodies have once again ben highlighted in the media, but this time it is the accounting authorities which have called the tune.

Early in April the professional standards committee of the English Institute of Chartered Accountants severely rebuked Sir Charles Hardie, senior partner of the City firm of Dixon Wilson, for signing an unqualified audit report on the 1973 accounts of London Capital Group, the Bangladesh charitable trust in which Mr. John Stonehouse, the former Labour politician, was involved.

Later the same month Sir Henry Benson, chairman of the joint disciplinary scheme evolved amon gall the professional bodies, announced the formation of two committees of enquiry into the role of the panies heavily criticised in recent Department of Trade reports — Ozalid, Burnholme and Forder and Brayhead.

The scheme was devised by a special committee headed by Mr. John Grenside, senior partner of Peat Marwick Mitchell, in 1978. It recommended the extension of existing disciplinary measures beyond questions of professional misconduct to the areas of efficiency and competence. It also recommended that the disciplinary machinery apply not only to individual members but also to accounting firms. That scheme came into force last year and the committees of enquiry just announced are the first major applications of it.

The scheme does not, however, override existing disciplinary machinery within each body and the case of London Capital Group (LCG) was in fact studied not by the scheme but by the professional standards committee of the English Institute. It restricted itself therefore, to answering the question whether the shortcomings of Dixon Wilson in auditing LCG's accounts amounted to professional misconduct.

At the end of a long and thoughtful report published by the Institute, its committee found that misconduct had not existed but Sir Charles Hardie and his firm "failed to show qualities of sound judgment" and should have investigated much more thoroughly loans to directors and officers of LCG.

No disciplinary action was therefore taken against Sir Charles or the firm, a decision which disappointed many in the City who had not appreciated that the inquiry had not been made under the new joint disciplinary scheme where serious incompetence—implied in the Institut's rport—would lad to disciplinary action.

Toughr measures are therefore expected if the committees of inquiry into Ozalid, and Burnholme and Brayhed, uphold the criticisms made by the Department of Trade inspectors into those companies' affairs.

The cases invlved several individual accuntants who were officers of Burnhlme, its auditrs, Joselyne Layton-Bennett, and Peat Marwick Mitchell, auditors of Ozalid.

Whatever the outcome of the professional disciplinary enquiries, one major criticism will remain. The Council for the Securities Industry has already strongly criticised the Department of Trade (DOT) for the delays invlved in company enquiries. If professional enquiries have to await publication of the DOT reports, even longer delays will be built in.

Self-regulation, it is frequently argued, needs to be speedy and severe if it is to be seen to be effective.

The issues raised by such an argument, however, are extremely delicate. They are faced not only by the accounting bodies but by all self-regulatory institutions. Disciplinary actions imposed on professional individuals and firms directly affect their livelihoods. If they are carried out in tandem with legal sanctions such as criminal prosecution they can be regarded as double punishment. If carried out while legal action is in progress there is a danger that the professional investigation could result in contempt of court proceedings.

Finally, the accounting bodies are well aware that adverse judgments against firms or accountants on grounds of incompetence nad inefficiency could lead to civil-court actions being brought against them by shareholders of the companies for which the accountants acted.

After two years of discussion the Auditing Practices Committee has laid down the formal parameters for auditing practice. The standards cover three important areas: how audits should be carried out and recorded; how audit reports should be drafted; and how audit qualifications should be treated.

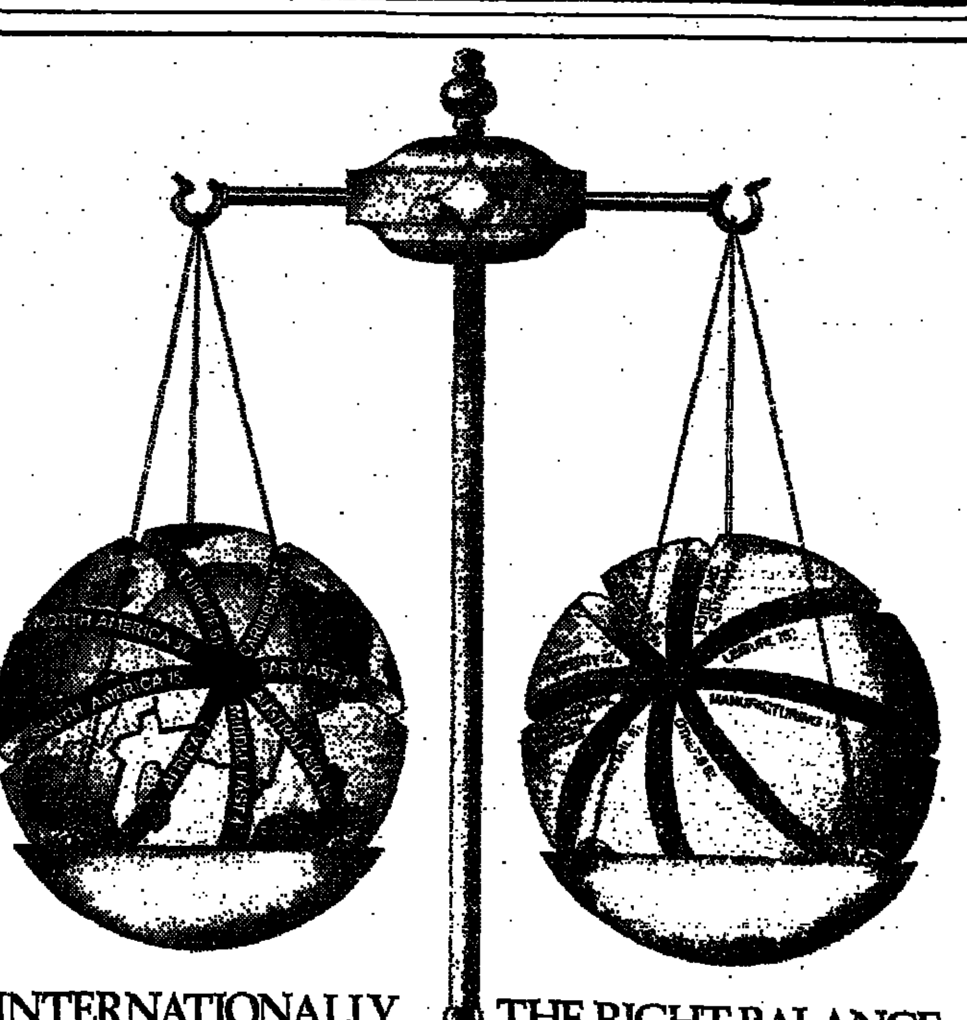
The standards are backed up by detailed guidelines which auditors should follow. Meticulous observance of these guidelines, therefore, should protect firms and individuals against accusations of incompetence or inefficiency which might otherwise lead them to the Joint Disciplinary Scheme.

On the other hand, so detailed are the guidelines that shareholders, investors and creditors will be in a much stronger position to frame legal action sohuld a breach occur.

The new standards for auditors have, of course, a much wider interest than the self-disciplinary impact. They lay down, for the first time, tight procedures for problem areas in all other accounting standards. For instance, the audit report will not be required to draw attention to changes in accounting policies between one year and another in a company's accounts—an absence which has given rise to some crticism and disappointment.

Such criticisms, however, are more in the nature of fine tuning than fundamental and in fact the new auditing standards are seen generally as supporting the moves for enforcement of accounting standards generally. They are also seen as playing a major role in the tightening up of the profession's own disciplinary machinery.

Christine Moir



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Room for big firms and small

SURVIVAL NEEDS and the conventional wisdom that bigger must be better has brought about the plethora of accounting firm mergers seen over the past decade. In the UK the trend has been so strong that today independent medium-sized firms are thin on the ground. Beneficial as amalgamation with an international accounting firm might prove for the partners concerned, people both within and outside the profession question how much of this metamorphosis has been in the public interest.

Ift the change had come about purely as a result of commercial pressures then it could be said that large units are simply a reflection of what the market wants. Unfortunately, the picture has been distorted by a number of factors, not least of which are the accounting profession's strict rules on advertising. These rules operate strongly in favour of a large firm—which if only by reason of greater physical presence draws more attention to itself.

While facing this handicap in securing new business the small firm also finds it difficult to match its growth to that of a client, often with damaging results. Another hazard is the acquisition of a client company by a concern already audited by a large firm which logically, becomes sole auditor for the enlarged group.

In theory size does carry advantages for a business but these are not obvious from the fees of the large accounting firms. Auditing, which represents 60 per cent or more of an accounting firm's income, is a highly labour-intensive activity. There is therefore little direct cost saving to be made by a large unit compared with an efficient medium-sized firm.

Even in data processing the sharp fall in the price of computers means that most firms can afford some sort of installation. The more expensive sophisticated systems only really come into their own outside the auditing area.

Advantages

What savings there are to be made in being a very large auditing firm arise in regard to training and recruitment. In reality even these advantages are debatable. Because of their size the international firms must of necessity become less choosey in their recruitment as they come to dominate more and more of the market.

Nor does the abysmally low success rate by students in the professional exams bear evidence of the large firms' beneficial influence.

The giants argue that the real gain for the client in using their services is not on cost but in the quality of the work and the advice they offer both in auditing and other areas. This, they say, is because they have the buying power to recruit the best people and have made the substantial investment needed to train them to a far higher degree than is feasible in smaller practices. In addition they emphasised that for the multinational company only an international firm could possibly supply such a high standard and consistent quality of service worldwide.

To counter the apparent advantages of the international accounting firms a number of the surviving medium-sized ones have formed links with similar or smaller firms in Britain and abroad. The aim here is to present clients with an alternative to the majors, that offers most of the benefits of size without the feeling that personal service is being compromised.

As this is a comparatively recent development the success of these ventures is yet to be judged but clearly the deciding elements will be the strength of the links and the degree of centralised control and investment in back-up facilities that can be established.

Other medium-sized firms, such as Hays Allan, have identified their future as being with the medium-sized owner-proprietor private companies. This type of client is concerned not only with audit but also with his own accumulation of capital and tax affairs.

Good-sized close companies are expected to enjoy a relatively prosperous period in the 1980s and are being encouraged by the Government. Such a company does not have huge labour problems, on the one hand, and his sufficient resources on the other to withstand depression better than a smaller business.

The number of these companies promises to be boosted as more directors buy out companies which do not fit into the overall strategy of the parent group.

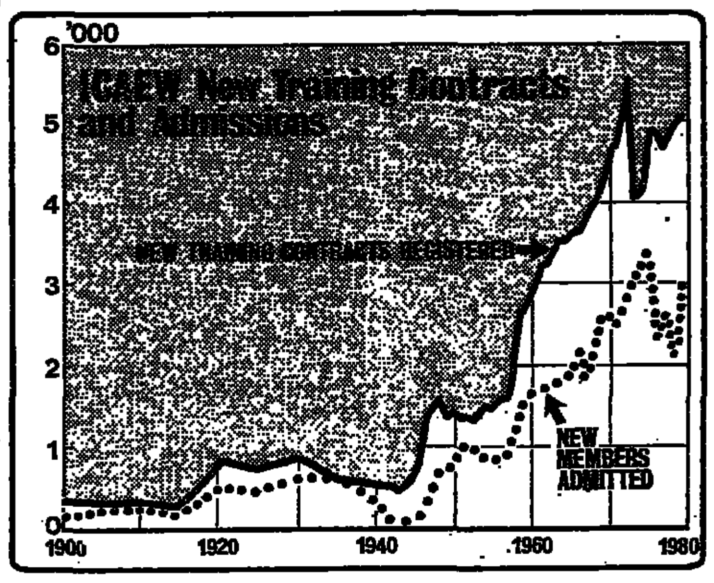
Aspirations

As the medium-sized close company generally has limited aspirations about physical development outside the UK an international auditing capability holds no appeal. The accounting firms serving them therefore only concentrate on expanding their base in Britain either through branch offices, where justified, or associates.

This approach contrasts with that of the international firms in that it is targeted at a selected area of the market whereas the big firms are in many ways trying to be all things to all men. This is exemplified by the introduction to professional services in the English brouchure describing Peat, Marwick, Mitchell and Co., one of the Big Eight accounting firms which says:

"PMM provides accounting, auditing, tax and consultancy services to a wide range of clients. It is familiar with the requirements of individuals, partnerships, private and public companies, nationalised industries, Government departments and many other types of client.

"Its clients include many smaller as well as larger firms and the PMM team on an assignment can vary, according to requirements, from a large team drawn from several offices working together during several weeks, to a team of one or two dealing with an assignment in a few hours."



While the life and death struggle goes on in the middle of the accounting services market things are no longer so rosy for the one and two-man practices. Formerly happy in the belief that no large firm in its right mind woul dwant to wrestle with the frustrations of the incomplete record from the corner shop, the sole practitioner is finding that the small shop clients are fast disappearing or being absorbed into large chains.

Added to this, the individual client business is being raided by the "big boys" who literally scoop up the rich pickings with attractions of their substantial wide-ranging expertise and international activities. Even then, so long as the sole practitioner continues to offer diligent work and up-to-date sound advice in a traditional highly personalised manner then he should survive. Some small firms are underwriting their chances by building a reputation in a specialised area.

It is in the non-auditing sectors that the future prosperity of the accounting profession lies. While auditing provides the bread-and-butter for any firm the "jam" comes from the range of other services offered comprising financial planning, taxation, trusts, insolvency, registration and management consultancy.

Today the complexities of financial and business management of multinational companies are such that their professional advisors must be prepared to make substantial investment of time and money in developing their services just to keep up with their needs. But the accounting market is not simply large public corporations or nationalised industries. It contains a whole spectrum of clients starting from the individual whose Aunt Mabel has left him £1,000 which he wishes to invest wisely, or the family man who want to buy a bigger house and improve his insurance arrangements.

Clearly only large accounting firms, or possibly groupings, have the resources to satisfy large company client demands adequately. Where they draw criticism is in what is regarded as poaching of business lower down the scale. The ultimate outcome of this poaching—which does not look that far off—would be the total extinction of all but the international partnerships.

Individuals in particular like to look on their accountants as their confidants and mentors on financial matters. Even though this may be no less possible with a partner in a gian firm, psychologically it is as difficult to feel this is so as it is to compare a local GP's interest with that of a doctor in a hospital casualty department.

The disappearance of the small to medium-sized firm is undesirable therefore if only for this reason. There is enormous potential for accountants at the bottom end of the market. Vast numbers of people could benefit for good tax and investment advice but the exclusive image of the accountants is already a big enough deterent without the prospect of having to approach a major firm.

Computing

At the top end the involvement of the practising accountants in clients' businesses has ground way beyond the basics of audit, installing accounting systems and tax advice. They are able to establish internal control an daudit systems, and offer tax planning, both domestic and international. In the growth area of computing the large firm sell not only their own special software packages for financial modelling and the like but also give training courses in electronic data processing to client personnel.

Many accountants also expect *further growth in insolvency* work where they have already achieved some notable successes in pulling tottering enterprises back fgrom the brink. In the less reparable cases, as liquidators and receivers they have been able to recover some worthwhile sums from the wreckage for despondent shareholders and creditors.

The larger firms have set up separate management consultancies that take them into such diverse activities as production and distribution management, personnel management *and executive selection* and marketing. In a market with this scope for development, improvement and rewards it would be surprising and unfortunate for the consumer, therefore, if it were one day all left to a few giants.

C.C-J.

The remaining articles in the survey present a round-up of the views of some of the major sectors of the community whose members have a particularly close working interest in the efficiency of accountants

Critical eye from fund managers

BACK IN 1978 when Mr. John Grenside unveiled his report calling for stronger disciplinary measures within the accounting profession, he spoke of the need to halt "the erosion of public confidence in the profession which has been going on for the past few years." As a result a disciplinary committee with wide-ranging powers to censure firms and individuals for professional incompetence has been in existence for nearly a year.

While applauding the profession's move to tighten up control over its members, institutional investors and professional analysts do not appear to regard the new disciplinary climate as particularly important in improving the standard of company accounting.

In part their reaction is tinged with a degree of synicism both about whether the threat of discipline will make accountants more professionally punctilious, and about the frequency with which the disciplinary body will find and attack cases of gross *incompetence*.

Cynicism

There is also a more fundamental cynicism about whether more competent accounting, or more particularly auditing, is likely to prove a panacea to relieve investors' problems of assessing a company's investment potential. "An investor," one fund manager said recently," only wants one thing from a company's accounts. They should disclose fully and adequately the true financial *position of* the company."

More competent auditing will improve the level of disclosure and can bring to light certain problems. But it cannot eliminate the possibility that the company's real position may be quite different from its description in the accounts, he said.

This view is widely shared among professional analysts. In its strongest expression the role of auditors is dismissed as simply "making sure that all the numbers balance and the right pieces of paper exist to match *all the entries*."

The less fsivolous point out that the most searching accountant or auditor must take a wide number of relevant facts on directors' estimates. "No matter how many accounting standards are introduced," one stockbroker says, "there will still be large numbers of variables. As a result investment evaluation most still remain an art rather than the science of extrapolating trends mathematically from published accounts."

Leaving this fundamental doubt on one side, however, professional investors and analysts have a generally high opinion of the accounting profession.

Mr. Grenside may have been right in saying that public opinion had been eroded during the mid-1970s by a series of highly publicised company crashes, such as that of the London and County bank group which heralded the secondary banking collapse, or individual cases of auditing blindness such as the misinterpretation of loans in the accounts of Scottish and Universal Investments or the Grays Building Society.

But the professional investors see such events as inevitable yet surprisingly infrequent. Rather than pointing to examples of accounting shortcomings, the professionals one speaks to on this matter point out the cases where auditors have revealed material problems which have given investors eerly warnings of problems.

Alerted

In recent weeks the collapse of Fairbairn Lawson has attracted considerable interest because its decline into receivership has seemed so rapid. But professional investors were alerted early last year to the potential problems when the company's auditors uncovered a major shortfall in financial controls in Greenbat, a subsidiary.

Another much publicised case has been that of St Piran, the Cornish tin mining and property group whose shareholdings *have been the subject of much* acrimony in the past year. Several analysts have pointed out the role of the auditors once again in maintaining a list of qualifications to the 1979 accounts in the face of explanations by the board which the board believed sufficient to have the qualifications withdrawn.

Institutional investors believe strongly in the value of the auditor's report and qualifications to it usually result in searching questions. The investment protection committee of the national associations of insurance companies and pension funds regard a significant qualification by an auditor as grounds for a preliminary inquiry of members to determine if a case committee should be established.

Where the professionals do agree with recent accusations by Department of Trade inspectors is over the wording of auditors reports, described as "hieratic." It seems that they will, therefore, approve the introduction of compulsory standards for auditing last month. Already there is wide consensus over the guidelines which lay down differences of approach between "fundamental" and merely "material" qualifications.

Christine Moir

Management views on auditors

"WE HAVE a love-hate relationship with our auditors." This remark by a finance director could be said to typify the attitude of industrial management towards auditors. Reactions to outside accountants obviously differ and it might be hard to find ungenerous comments from many finance directors who had their grounding in audit work before moving into industry. That is not to say that auditors are without their critics.

A finance director of a large engineering group found the *annual audit "annoying and* time consuming, but when they have gone I feel happier. It is like having an annual medical check. It is not something you look forward to but once you have got that clean bill of health you feel confident."

Yet the same finance director criticised the training of auditors in that it makes them "narrow-minded."—a sentiment echoed by the chief executive of a quoted motor dealer who found many of the outside accountants he came into contact with "negative *thinkers.*" He felt some sympathy with them, however, because "they are on a *hiding to nothing.*" If anything goes wrong and the auditors can be blamed, they will be. If not, the company's chairman takes credit.

Generally finance *directors* seem to rub along with their auditors reasonably well. One financial controller said: "Not a year goes by when we don't learn something. They give us an example of high professional conduct, and if they have their wits about them they get clients to improve systems, almost bridging the gap to management consultancy."

Not all management take such a friendly stance towards auditors' "advice" on internal systems. "When we moved our systems over to computers some years ago the auditors wanted us to run the business to suit them rather than our own needs" was one comment.

Larger companies should have fairly sophisticated internal financial systems. So what do the companies really get out of the audit that they do not already know? In the words of a senior accountant of a large industrial company, "Auditors are there fore shareholders' protection and while they only confirm the figures I have got in front of me, not every company strives for excellence so they are a very necessary part of the system."

Conflict

Sometimes conflict between management and auditors boils to the surface, though rarely in a spectacular way. For example, the recent Dorada Holdings accounts showed signs of a debate that must surely have gone on behind the scenes. The auditors qualified the accounts on two points. One was the company's practice of not depreciating freehold or long-leasehold property. Mr. Tom Kenny, chairman, replied in his statement. "The auditors will have to go on complaining because we adhere to our policy of five-year valuations instead of arbitrary deductions." Perhaps qualification and a chairman's rebuff will become a standard feature in future Dorada accounts.

The one common complaint from management, whether they got along with their auditors or not, is the length of time spent on the audit. As one industrialist put it: "As a watch-dog the auditor's probing must be regarded as sacrosanct yet *I think a lot of time* is spent digging too deep and flying off at tangents."

Unlike his larger counterpart, the small businessman usually relies totally on outside help for his accountancy guidance. He is unlikely to be aware of anything more than the basic profit and loss account and balance sheet principles. From this sort of position many small businessmen feel wary of offering opinion on the services they receive.

Some managers of small companies seem to hold their accountants in awe, which highlights one of the main problems. As advisors, accountants often talk to their clients in the "jargon" of their profession, not realising, or perhaps not particularly caring, whether the recipient fully understands.

There seem few complaints from the "small man" about accountants as auditors, which are not shared by large business. Many find the auditors' work surprisingly lengthy and time-consuming, but relationships between companies and auditors sound reasonable for the most part.

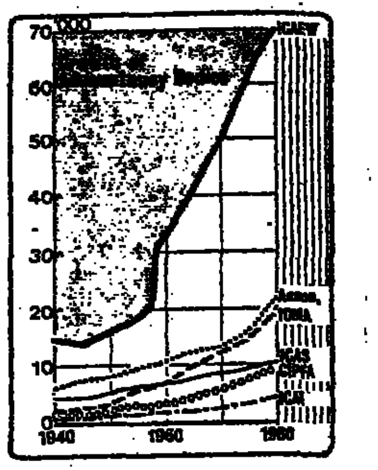
Specific

Moreover, where a businessman approaches his accountant with a specific problem the help he receives is virtually always highly satisfactory. The real difficulties seem to be that the accountants do not proffer enough advice for their clients.

It is this lack of communication between accountants and the small businessman which Stafford Robert and Partners, a London-based firm specialising in advice, for small private businesses, and therefore competing with accounting firms, finds the most common complaint from managers of small companies.

The lack of contact was a difficulty often quoted by the banking fraternity in giving their views on the service offered to smaller companies. So this particular problem, it *seems*, can be identified fairly widely. The question is what can be done about it. Presumably accountants in the provinces are so inundated with work that there is a limited time that can be devoted to any single client. But this is not to say the problem is confined to the provinces. One small London businessman thought he definitely got a worse service from the bigger accountancy firms because they spent all their time with the big companies.

Terry Garrett



Whitehall and company reports

THE NEEDS of Government are not fully served by the corporate information presently being churned out by the accounting profession. This is the consensus of a number of civil servants and political appointees in Departments such as Industry, Trade and the Bank of England.

The feeling of many statisticians and industry analysts in the Government appears to be that the kind of information contained in the average company report is designed principally for shareholders and does not provide them with enough disaggregated detail.

At the Department of Industry (DoI), which uses company accounts in both its survey division and when financial assisance is being sought from the Government, the key point is that standard company accounts leave out the most important information for policy-makers.

In determining the crucial concept of "additionality"—whether a company project would be doomed without Government aid—DoI officials say it is not the published information so much as the background data and forecasts which are of interest.

This problem holds as well in the preparation of national acounts. An official at the DoI explained: "If company accounts could provide more disaggregated information, it would help us greatly in preparing national figures. Some areas of company accounts we regard as expressions of opinion." He cited property valuation, debt provisions and goodwill provisions as examples.

The problem of getting special financial information is one which confounds several Government branches. The Business Statistics Office (BSO), is the Newport-based service arm of both the DoT and DoI. The BSO produces about 1,000 different business monitors each year and employs 970 people to watch British industry.

Last year the BSO sent out no fewer than 370,00 special statistical questionnaires to UK companies. An official said that there were often details not sufficiently covered in a company's balance sheet which required special Government inquiry.

Implemented

Aside from the desire for more detailed information the, other major theme which emerges from conversations with Government officials is the wish to see inflation accounting implemented as quickly and as broadly as possible.

Lord Trenchard, Minister of State for Industry, feels very strongly that if company accounting were improved through the adoption of current cost accounting, British industry would be more aware of declining profitability.

In a speech to the Institute of Management Consultants last month, he said: "Historic cost accounting has been used for centuries. It is precise in money terms but gives a misleading picture of profit in a period of changing price levels. In particular, in the period of relatively high inflation that has existed in the UK since the early 70s, historic accounting considerably overstates the profits of most businesses."

Lord Trenchard went on to say that he hoped inflation *accounting would not be* regarded just as "an interesting accountancy exercise." The ultimate goal, he said, should be for companies to treat CCA accounts as the principal ones for the purpose of compliance with the Companies Acts.

This view was echoed by Mr. Gordon Richardson, Governor of the Bank of England. "I welcome the new inflation accounting standard that has been promulgated by the accounting *profession, ensuring* that from next year onwards published accounts will, save for small companies, invariably include a profits statement on a current cost basis," he said recently.

Generally, there was not any severe criticism of the accounting profession by Government staff. The feeling of policy-makers was aptly summed up by Mr. John Knox, head of the Accountancy Services Division of the DoI: "We in the Civil Service are basically satisfied with the output from the accountancy profession. We do, however, wish to see much more weight attached to CCA presentation. On this point I think there is widespread agreement within the Government."

Alan Friedman

Unions seek information in depth

THE MAIN complaint of the trades unions is that much of the information contained in UK annual reports is inadequate, particularly employment information. This contrasts markedly with the position in Continental European countries. According to the *Trades Union Congress* (TUC), negotiators require such information for a variety of purposes, but particularly in order to make comparisons of performance and of collective bargaining prvoisions between companies.

The TUC recognises that there remains a requirement for company reports to be published and the quality of those reports to be improved, but says that for the future the main thrust towards seeking improved information is going to be through the development of collective bargaining machinery rather than looking to published company reports.

The TUC says that this is because published annual reports cannot comprehensively cover the many points which arise, often on a day-to-day or week-to-week basis at company, plants, workshop or office level on which information may be required, as and when.

To ensure adequate and uniform disclosure in reports the TUC wants to see disclosure requirements backed by law. It also wants more adequate information about activity in a company's industry sector in order to ovecome difficulties in *relating company information* to the broad product groups covered by the CSO's Standard Industrial Classification. Company report data should be reconcilable to national income and expenditure statistics, says the TUC.

The TUC welcomes the growing popularity of "employee" reports—a simplified account of various aspects of annual performance that is increasingly being made available to workers at the time of the annual report. It complains, *however, that companies often* use them to put their own interpretation on results "in a way which is not possible in statutory accounts aad reports, *and to include or omit points as* they think fit."

The TUC says that there is a need to prevent companies reporting the good news in "employee" reports and lodging the bad news with the Registrar. Moreover, it believes that a company's annual report should be discussed with appropriate trades union representatives with the aim of an agreed report being produced.

Another complaint is the length of time some private companies take to lodge accounts and reports with the Companies Registration Office. The present requirements to file within seven months by public companies and within 10 months by private companies could well be reduced to six months in each case, says the TUC.

In general the TUC is critical of the Government's recent Green Paper on Company Accounting and Disclosure, a large part of which is concerned with setting out the detailed provisions of the EEC Fourth Directive on company law. Many of the proposals will "make it more difficult for the employees of a company and their representatives to secure reliable information about the company's activities and financial position," says the TUC.

Arnold Kransdorf

Bankers see both sides

BANKERS see accountants from both sides of the fence. They employ them as staff and use the services of outside accounting firms while also ? ? ? them across the table when the accountant is putting the client's case for just a "little extra time" or a "little bit more on overdraft."

Bankers certainly hold views on and for the most part are fairly flattering in their remarks *about* accountants. There is a strain of opinion, however, that accountants, bankers and clients should spend more time around the table. If any criticism comes the accountant's way it is that he does not spend sufficient time with his client getting to know the business. This is a fault found more common in the provinces where clients tend to be smaller and the fees, no doubt, equally so.

According to one member of a clearing bank "the accountants *usually do* their best *for* the smaller business in presenting something at the end of the day, but I *don't think* they always spend enough time explaining the problems." A small businessman is often good at producing and selling a product, but few are financial wizards. Accountants should see difficulties coming over the horizon—debtor ratios getting out of hand, margins gradually narrowing, stock turn reducing, and the cash flow problems which all too often mark the end.

If the accountant explained more to the small businessman from his analysis perhaps a few more smaller companies might be saved from the accountant's other services—liquidation and Receivership. But possibly the real answer is that you get what you pay for.

One final shot . . . one banker was worried by a creeping lack of numeracy! That must be a fairly damning remark to make about a profession based on understanding numbers.

T.G.

SWEDEN AFTER THE STRIKE

BY WILLIAM DULLFORCE, NORDIC EDITOR

The 'model' in need of an overhaul

ON SUNDAY EVENING Sweden's employers defiantly ran up the *flag of resistance to* high wage increases and three hours later hauled it down again. They responded to a "pressing appeal" from the non-Socialist coalition Government to halt the worst labour conflict in Swedish history.

The leaders of the Employers' Association (SAF) accepted a complicated pay settlement recommended by mediators against which they had just listed 10 objections. Swedish industry's unit labour costs will rise by 11-13 per cent, *according to rough preliminary* calculations.

Mr. Olof Palme, the Social Democrat leader, described the Sunday *evening* performance as a "poor operetta" stage-managed, he implied, by the Government, in order to save the employers' faces.

But he was in no doubt about who had emerged best from the confrontation, which severed nearly all Sweden's air and sea connections with the outside world for 17 days and saw half the working population on strike, locked out or working to *rule for 10 days.*

The trade union movement had successfully withstood a concentrated attack by the employers intended to weaken it and protected its members' purchasing power, Mr. Palme said. He was more circumspect however, in commenting on the consequences of the pay settlement for the economy.

Mr. Gosta Bohman, the Economy Minister, says wage levels will now be 2.5 per cent higher than the Government had reckoned. The revised finance plan for 1980 presented only last month will have to be revised again. The pay settlements would weaken the foreign payments balance, raise the *inflation* rate and place great strains on the economy, Mr. Bohman said.

The settlements will also increase the pressure on Mr. *Thorbjorn Falldin's three-party* coalition, which posesses only a one-vote majority in the Riksdag (Parliament).

There is a wider perspective. Comment on the crumbling of the Swedish model has become trite. The paragon is human, like the rest of us. It may be more pertinent to look sympathetically at Sweden's *latest, dramatic conflict as the* struggle of one of the world's most advanced industrial and welfare states to come to terms with changing international economic circumstances.

Protagonists in one plot jealously watched developments in the other

The assumptions and goals with which the protagonists started the conflict effectively ilustrate Sweden's current problems. The leading parts were played by the LO (the blue-collar trade union federation), the public sector unions acting in concert, SAF and the *Government. A fifth actor,* the negotiating body for the private sector white-collar workers, has been waiting in the wings for its cue.

The drama had a double plot. One featured the contest between the private sector employers and workers. The other concerned the set-to between the state and local authority employees and their employers. Protagonists in the one plot jealously watched developments in the other.

The LO's position was that its members' real incomes had fallen by 1 to per cent over the past two years, company profits had improved substantially in 1979 and the employers could afford to pay wage increases which would maintain workers' purchasing power unchanged.

The leaders of the four public sector unions, dubbed "the *gang of four*" by the Swedish Press, were anxious that their members' incomes should not fall behind those of industrial workers. They were alarmed by the Government's declared intention to cut public spending.

They worked hard to keep ahead of the game. They struck first by calling out the air controllers and customs officials *and by launching an unprecedented* work-to-rule among nursing staff, including those in operating theatres.

The employers' declared aim was to restore the competitive position of Swedish industry in foreign markets. Their economists estimated that industry's unit labour costs had increased by 26 per cent in comparison with those of its competitors between 1973 and 1976. The two devaluations of the krona in 1977 and the low wage settlement of 1978 had only restored half this gap, they claimed.

Fundamental to the employers' attitude was the memory of the "disastrous" national wage agreement of 1975 which set nominal incomes soaring by close to 40 per cent in two years and which prompted a change of leadership at SAF headquarters. Mr. Curt Nicolin, the tough, outspoken chairman of the ASEA heavy electrical group, took over.

His ambition was high. It was time for the employers to "dig in their heels." 1980 was to *mark a change of direction in* Sweden's economic development. SAF's decision to lock out 750,000 employees was "an investment in the future."

The non-Socialist government's position was close to that of the employers. Its main concerns are a current account deficit estimated to reach SKr 16.6bn (£1.7bn), or 3.4 per cent of GDP this year and a 1980 budget deficit of SKr 55bn on an outlay of SKr 206bn.

The payments deficit, boosted by a SKr 10bn increase in the *oil import bill this year, is* forcing it to borrow abroad at the rate of SKr 1.5bn a month. To deal with the long-term budget deficit it is at last girding itself to cut spending in a *public sector which accounts* for some 65 per cent of GDP.

To restore both imbalances it hopes for industrial expansion and recognises that the fragile *15 per cent improvement in* industrial investments it foresees this year could be thwarted by high pay increases.

The Government's efforts to promote low pay settlements were clumsy and ill-timed. On March 27 it imposed a six-week price freeze, which it undertook to maintain until the end of the year, if wage levels remained "*basically unchanged.*"

It complemented the freeze with tax reductions of SKr 500 for medium income groups, a promise to absorb forthcoming farm price increases into the budget and a plan to compel companies to place part of their 1980 profits in investment funds. The LO had asked for this culling of profits which will in effect have tax advantages for companies.

It is generally accepted that the Government should have *presented this package either* before the unions and employers had staked out their negotiating positions or right at the end just before mediators reached deadlock. Instead, it was dropped with a sickening thud in the middle of the talks.

The Government's ineptitude was aggravated by its inexperience in playing the national wage bargaining game which is the core of the "Swedish model" and which for 44 years rested on the understanding between Social Democrat governments and the LO.

The model presupposes free bargaining between the "labour market organisations" without Government interference. This works very well when there is economic growth. The machinery starts to choke when the economy has stagnated or growth is small.

The theory behind the model is that—assuming no change in the international competitiveness of Swedish industry—the employers and unions together establish the margin available for wage and profit increases and then negotiate the distribution of this margin.

In this context the breakdown in the process which led to this month's mammoth strikes and lockouts could be interpreted as arising from the unions' refusal to admit the employers' claim that industry's competitiveness was still too low and that in dividing the margin priority should go to capital over labour.

In fact the Swedish situation is far more complicated. The conflict reflects the inadequacy of the wage bargaining machinery in its traditional form to cope with the country's de-industrialisation, the pressure for restructuring Swedish industry because of the competition traditional industrial face from developing countries and the imbalance reflected in the budget deficit.

The strains of trying to channel these problems through the wage bargaining machine are shown in the contradictory actions and inconsistent reasoning of the four main protagonists.

This year's incomes negotiations concerned much more than distribution of the margin. Within the industrial sector there was a traditional clash between wage-earners' claims and the employers' wish to pay hsareholders bigger dividends, so as to encourage investment in stocks.

But this contest now involves wider issues, such as the employers' perception that industrial wages need to be more widely differentiated, in order to stimulate the movement of labour from subsidised industries to profitable companies with a future.

The employers' approach runs head on up against the unions' "*solidarity principle*" or policy of equal pay for equal work regardless of the profitability of a company.

In another context LO and SAF had at least a tacit understanding that wage levels in industry should rise faster than in the pblic sector. This understanding was smartly blocked by the "gang of four" which got in first with its claims and strike action and negotiated "compensation" for any "wage drift" in the private sector.

This clash of interests between unions mirrors the current imbalance in the

The showdown has emphasised trade union power

Swedish economy between the swollen public sector and industry. Again, the problem is more profound because the margin available for distribution in wage negotiations is now largely pre-empted by guarantees of unchanged incomes to pensioners and the consensus in favour of subsidies for families with children.

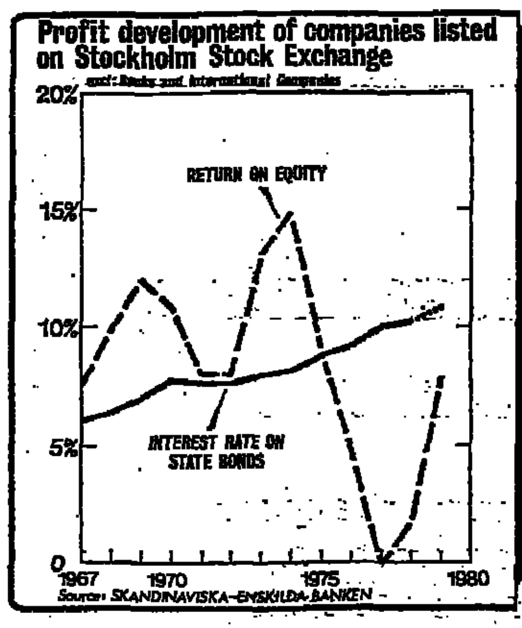
In initially rejecting the pay settlement SAF suggested that *the course of events this year* demonstrated the necissity of re-examining the Swedish negotiating model. Elaborating *on this idea* Mr. Olof Ljunggren, SAF's managing director, said it might be better to bargain at branch level rather than to hold national negotiations.

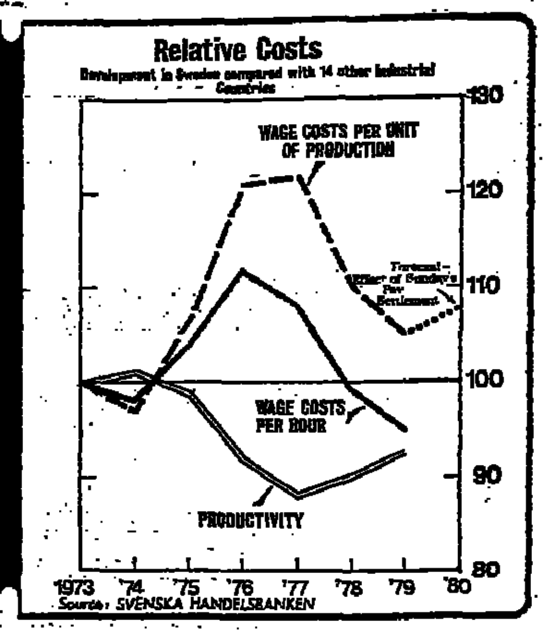
The denouncement of the conflict on Sunday is a setback, not only for the employers. It illustrates the weakness of the non-socialist Government and underlines its difficulties in changing the course of the economy. This bodes ill for the Government's chances of survival.

It also raises again the question of whether Sweden can *preserve its mixed economy* with room for market factors to operate or whether it is embarking on an inevitable transition to a planned economy.

This month's showdown has emphasised the power of Sweden's trade unions. To many Swedes the reminder has been a shock and to that extent the conflict may have widened the *political division between* socialist and non-socialist.

It is doubtful, however, whether the non-socialist parties can summon the unity and determination to effect fundamental changes. Sweden will never take the same road as Mrs. Thatcher's Britain. Even when the Social Democrats are in opposition, the labour movement *still holds the key to change.* That is the lesson of Sweden's biggest industrial conflict.





Letters to the Editor

Stasis not movement

From Mr. A. Braley

Sir,—One doesn't know whether to laugh or cry at Mr. Len Murray's wails about the "calumny, vituperation and *threats from the Press*," provoked by the quite gratuitous TUC threat to endeavour to engineer widespread industrial disruption on May 14.

It is evident from his and Mr. Basnett's reported remarks that they have no useful new ideas to offer, but would only seek to deflect the Government from implementing policies that are essential if the ravages of years of Labour Government (with full TUC consultation, not to say dictation) are to be repaired. They appear to have learned *nothing from past events and to* be still prisoners of their tired dogmas. As in Sweden, trade unions are better at slowing economic activity than at promoting or sustaining it, and far too trigger-happy about halting it.

Is it too much to hope that the mouthpieces (and little else) of the unions will ever realise that *most of us are heartily sick of* paying for the institutionalised inefficiency of the trades union stasis (not movement), and are determined that something shall be done about it?

Alan Braley.
93, London Road,
Knebworth,
Hertfordshire.

Contracts and the law

From Mr. K. Winckles.

Sir,—In your issue of May 9 which your employees courteously allowed you to publish) you report Mr. Foot as saying in the House of Commons that *trade unionist not apparently* employees or workers) could "decide for themselves what they want to do on May 14."

Is that so? If Mr. Foot does not recognise a contract of employment when he sees one, it would not be surprising. Once again, his statement underlines a deep seated problem in our society today, *viz* that contracts and the law are irelevant to the trade union movement. And Labour Members of Parliament, where law originates, apparently see nothing odd about it.

Kenneth Winckles.
100, Wood Street, EC2.

Protest against democracy

From the Vice-Chairman, Tunbridge Wells Young Conservatives

Sir—The TUC's "Day of action" is in my oinion yet another example of trade unions' anti-democratic motivation.

Did they not after all have their chance to influence economic policies while the last Labour Government was in power?

Democracy is where the power of government lies in the *hands of the people*, and last May the people voted for the Conservative Party to exercise that power.

The last Government failed to cure the ills of the nation with support from the TUC.

Surely it is only fair to the majority of the British people to allow the Conservative Government a reasonable chance *to succeed*.

A day of industrial action such as the one proposed will serve only to deteriorate further our industrial society—something which I thought the trade union movement wanted to improve. It is surely time that trade union leaders were brought down to earth from the silver dream cloud that they seem to be existing on.

I fervently hope that everybody will take all steps possible to continue working normally, in the face of such an abhorrent, and blatantly political, protest against democracy.

J. E. Trewhitt.
44 Shirley Gardens,
Tunbridge Wells, Kent.

Political fuel

From Elizabeth Young

Sir,—Dr. David Wilson of Leeds University (April 23) expresses great confidence in the future of Soviet oil production. The Soviet authorities themselves may perhaps share that confidence, but their gung-ho concern to develop nuclear power, particularly in the central and western regions, suggests that perhaps they may not.

"By 1990 atomic power stations in the European part of the country will account for over one third of total power production and the region's energy needs will be supplied *without increasing consumption* of any other fuel" according to a "high ranking official of the State Planning Committee" speaking to a Tass correspondent on April 21. "Atomic power stations are to be sited in immediate proximity to residential districts." . . . "Such atomic stations are absolutely safe."

Another report from *Moscow* states that by the year 2000, nuclear energy will supply a fifth of the country's energy requirements. Fast breeder reactors will be in use and "it is also planned to begin engineering work to develop experimental power generating thermo-nuclear plants."

But we should not lose sight *of the political uses of oil* and gas. Tass has in recent days been pointing out to America's allies in Western Europe who import oil and gas from the Soviet Union that any attempted policy of "economic blackmail towards the Soviet Union" involves the risk of losing this source of energy—one, after all, which represents a very substantial investment on the part particularly of West Germany. Organisation of Petroleum Exporting Countries' oil is not the only political oil.

Elizabeth Young.
100 Bayswater Road,
W2.

Non-voting shares

From Mr. R. Instone.

Sir,—It is good news that the National Association of Pension Funds is renewing its pressure for the enfranchisement of equity shares carrying restricted or no voting rights.

This hybrid originated in the 1930s as a device to enable controlling shareholders to realise part of their investment without relinquishing managerial control. The basic objection to it has nothing to do with "democracy," but consists in its infrigement of the principle that shareholders who collectively carry the first risk of failure (and enjoy the residual fruits of success) are entitled to choose hte management.

There is a long history of legislative intervention to counteract managerial immunities. The 1948 Companies Act, *for example, prohibited tax-free* remuneration for directors and made them in most cases removable by a simple majority of votes. The case for a further intervention over non-voting shares has for decades been overwhelming; but the silence on this topic of the Council of the Stock Exchange and the Council for the Securities Industry has been deafening. This is the more surprising since the listing requirement have for long insisted that preference shareholders shall have reasonable voting *rights in appropriae* circumstances. Why is there no similar requirement in the case of equity shares?

The answer sometimes given is that this is a matter for legislation; but such an answer comes oddly fro mthe champions of self-regulation.

To erase this blot on our company law it would be unnecessary to give all equity shareholders unrestricted voting rights; and some would regard such a proposal as an undue interference in freedom of contract. *All that is required* is a provision, analoguos to those in the 1948 Act which I have mentioned, conferring identical voting rights on all equity shareholders for one class of resolutions only, *viz* those for the appointment or removal of any director.

Another Companies Bill is promised by the Department of Trade for the next Parliamentary session on companies' accounts, and a provision to the foregoing effect could easily be included in it.

Ralph Instone.
7, New Square,
Lincolns Inn, WC2.

Back national skills

From the Director, National Computing Centre

Sir,—You rightly describe (May 1) the disposal of the EMI scanner as a bitter blow. The impact of that blow will, however, be doubly damaging if a conclusion is drawn that British industry engaged in the application of advanced computer technology would do better to transfer or share the task rather than to place its dependence upon British skills.

The British team which created the original EMI scanner business achieved a major technical, manufacturing, marketing and financial success. More than $500m worth of complex systems was profitably placed in service in over 50 countries and daily diagnoses some *10,000* patients.

The decision was taken in early 1977 to wind down the British manufacturing plant and management team and to transfer *the production* of the successor system into untried American hands. Such a plan might be seen as contentious, even if it had succeeded. The scanner represents just the kind of computing development at whichthis country is exceptionally good. We may perhaps ask ourselves whether it is entirely wise to pursue the *national* propensity for self-deprecation to the point at which we gratuitously export a project of this nature and significance to the country representing our keenest foreign competition.

In the event the outcome had a harsh irony of its own. The American production plant failed to achieve one-tenth of thesystem output that had been produced by the long since dispersed British team at a comparable stage. The $50m backlog of undelivered EMI scanner orders tells its own story.

The lesson and the message to British industry should be to back our national skills in computing technology and not to back off in favour of our American and Japanese *competitors. The edge that we have* in this country in this field is a national asset of greater long-term significance and potential than our North Sea oil. It is high time we realised it.

D. R. Fairbairn.
National Computing Centre.
Oxford Road,
Manchester.

Competitive pay scales

From the Chairman, Trebor Group.

Sir,—It is a pity that when something unusual like the appointment of Mr. Ian MacGregor happens, a high proportion of people beat the air rather than wondering how such things come about.

The event caused us to look at what we pay people to take responsibility and the conclusion we came to was that payment for responsibility has so shrunk over the last few years that it really is difficult to find people to take these vital jobs. Money is not everything but it is something that we can examine.

Our payment for responsibility system is, roughly speaking, the male average *weekly wage plus a payment* per unit of responsibility. In 1964, we paid somewhat below the average wage plus £4 p.a. per unit of responsibility. In 1980, our pay scale is still reasonably competitive and we pay jus tbelow the average wage plus £5 pa. per same unit of responsibility. A pound is worth about one-fifth of what it was in 1964 so the actual payment for responsibility is less than one-third of what it was 16 years ago!

No wonder bizarre transfer payment systems develop.

John Marks.
Trebor Group, Trebor House,
Woodford Green, Essex.

Transport in London

From the Chairman, London Transport Committee

Sir,—I hope you will allow me to correct one inaccuracy in your leading article "Better transport for London" (May 2).

You say that the effect of traffic congestion on bus timetables was "exacerbated by the Greater London Council's policy of eliminating bus lanes." In fact, during the last three years, only 17 bus lanes have been removed. They had been installed experimentally and did not live up to expectations.

During the same period 22 *new lanes were installed*, giving a net gain of five. A further four schemes have been approved but not yet installed.

It must be obvious to anyone using London's streets that there is a limit to the number of bus lanes that can be introduced effectively, and the 143 that remain are in the situations where they are most needed.

Harold T. Mole

Today's Events

GENERAL

UK: Sir Geoffrey Howe, Chancellor of the Exchequer and Mr. Denis Healey, Opposition Treasury and economic affairs spokesman, speak at centenary conference of Institute of Chartered Accountants in England and Wales, London.

Sir Derek Ezra, National Coal Board chairman, and Mr. Joe Gormley, National Union of Mineworkers president; speak at coal and energy conference, London.

National Federation of Sub-Postmasters conference, Torquay (to May 14).

Institute of Professional Civil Servants annual delegate conference, Eastbourne (to May 15).

Civil and Public Services Association annual conference, Southport (to May 16).

National Union of Seamen *biennial meeting, Hull (to May 17).*

Inland Revenue Staff Federation annual delegate conference, Llandudno (to May 15).

Overseas: Mr. David Howell, Energy Secretary, and other EEC Energy Ministers, meet in Brussels to discuss objectives for energy consumption up to 1990.

Inter-Parliamentary Union meets to assess compliance with Helsinki agreement, Brussels.

PARLIAMENTARY BUSINESS

House of Commons: Iran (Temporary Powers) Bill, remaining stages.

House of Lords: Transport Bill, committee stage. Motion to approve Criminal Justice (Northern Ireland) Order 1980. Concessionary Travel for Handicapper Persons (Scotland) Bill, committee stage.

Select Committees: Scottish Affairs (Room 5, 4 pm); Environment (Room 16, 4.15 pm); Transport (Room 17, 4.30 pm); Parliamentary Commissioner for Administration (Room 7, 5 pm).

OFFICIAL STATISTICS

Building societies' monthly figures for April. Hire purchase and other instalment credit business for March. March final figures of retail sales.

COMPANY MEETINGS

Ash and Lacy, Stafford Park, Telford, Shropshire, 11.45. Birmingham and District Investment Trust, Stratton House, Piccadilly, W, 3.30. Christies International, 8, King Street, St. James, 3. Electrical and Industrial Securities, Brewers Hall, Aldermanbury Square, EC, 12. Kelinwort Benson Lonsdale, 20, Fenchurch Street, EC, 12. United Biscuits, Assembly Room, George Street, Edinburgh, 12.

Unilever improves 7% to £138.2m in first quarter

IN THE first quarter of 1980, group pre-tax profits of Unilever showed a 7 per cent increase from £129.4m to £138.2m. Total sales were 11 per cent higher at £2.69bn, but were little changed in volume terms.

Operating profits for the period climber 14 per cent to £144.3m. Associates' contributions slipped from £11.8m to £11.6m while income from trade investments was up £0.1m to £0.3m. There was however, a sharp rise in interest charges from £9.6m to £18m as a result of higher interest rotes and a reduction in net liquid funds.

As usual, the first quarter results an comparatives have been calculated at comparable exchange rates.

In Europe, operating profits were ahead of the same period of 1979. Detergents, personal products, chemicals and transport activities all improved, but edible fats were lower than last time. The directors say total margins in Europe were unsatisfactory.

North American profits fell in the first quarter, but other overseas countries showed substantial gains in volume and total profits were well up on the corresponding period. UAC International's were slightly down mainly because of lower export earnings.

Tax charge rose from £65.9m to £70.5m. After minorities and preference dividends of £4.4m (£3.4m) and an exchange debt of £1.9m this time, group profits attributable to ordinary holders rose 2 per cent from £60.1m to £61.4m. Of this figure, limited accounted for £33.2m (£29.1m) with the balance of £28.2m (£31m) from N.V.

First quarter earnings per 25p share are shown marginally higher at 16.53p, against 16.18p.

For 1979, the group achieved pre-tax profits of £605.1m and paid net dividends totalling 24.05p per share.

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HIGHLIGHTS

Lex examines the news yesterday of Berisford's £120m offer for **British Sugar**, in a mixture of cash and equity. The column discusses the reasons for the bid and the role played by the Government which controls a quarter of British Sugar's equity. Moving on, Lex considers the two largest results of the day. **Unilever's** first-quarter profits are up from £129 to £138, yet the company says that it is still not satisfied with its margins and volume is sluggish. The **British Home Stores'** preliminary results show that the company has maintained the strong first-half performance with the full year up by a quarter, pre-tax. Finally Lex moves on to the **House of Fraser/Lonrho** position in the light of the former's annual report.

James Beattie over £4m

WITH SECOND-HALF profits £0.11m higher **James Beattie**, department store operator, ended the year to January 31, 1980, with a pre-tax figure of £4.11m, against £3.6m. The result was before serving members' dividend of £298,616, compared with £288,224.

First-half taxable profits had risen by 40 per cent to £1.39m.

Turnover for the year increased from £32.01m to £36.98m. After the serving members' dividend and tax—up from £1.71m to £2.02m—attributable surplus climbed by £0.19m to £1.79m.

Earnings per 25p share were ahead at 15.65p (13.94p) and the dividend for the year is lifted from 3.10553p to 4.50303p net, with an additional 0.14062p for 1978-79 on ACT reduction.

Dubilier expands at halfway

PRE-TAX profits of **Dubilier**, electronic component manufacturer, jumped by 42 per cent from £511,000 to £727,000 for the six months ended March 30, 1980 on turnover ahead to £7.62m, against £6.16m, a rise of 24 per cent.

The directors anticipate a successful full year—profits for 1978-79 were a record £1.31m—but say that the rate of growth in the current half may not be as marked, as in the first. Performance in the March 30 period was achieved, they explain, without the disruptions last time caused by severe weather and the lorry drivers' strike.

After tax of £145,00, compared with £137,000, net profits came out at £582,000 (£374,000).

The interim dividend is increased to 0.6508p (0.5916p) net per 5p share—last year's final payment was 0.6784p.

Satisfactory advances have been achieved on all fronts, directors state, and there has been increased exports—up by 28 per cent to £1.38m—as a result of enlarging the resale and distribution division, and to expand operations in France and Germany.

● comment

The world of electronic components continues to be one of the more exciting growth areas in Britain and Dubilier has produced some better than expected figures with its 42 per cent pre-tax rise. The main income progress came from the Greenpar connectors business and the Beswick fuse company. Beswick, which accounts for more than half of group earnings, has a sizeable share of the UK fuse market. Additional help (around £100,000 in profits) seems to have come from group streamlining and management restructuring. The historic yield of around 4 per cent at 46p is better than some of the other component companies such as Electrocomponents or Farnell. In the current year, Dubilier should achieve around £1.65m excluding a potential contribution from the U.S. group Flight Connectors suggesting a fully taxed p/e of 13.5.

ISSUE NEWS

NSS £4.1m cash call: 20% pre-tax rise midway

NSS Newsagents is raising £4.1m through a rights issue of 10 per cent convertible unsecured loan stock. The newsagent also reported its half-year figures yesterday showing a 20 per cent rise in pre-tax profits to £2.55m on a sales rise of just under a third to £47.49m.

The rights issue is on the basis of £1 of stock for every four ordinary shares and will involve the issue of £4,267,142 of stock.

The proceeds and available bank facilities will be used to meet the expected redemption on June 30 of the 10 per cent loan notes, issued and to be issued, as consideration for the acquisition earlier this year of Ian Yates, for £4.6m.

The resulting reduction in short-term finance requirements will also enable it to carry on developing its retail division by adding and refurbishing branches.

The record and accessory distribution and confectionary wholesaling operations will also need further working capital to meet increased sales.

Earnings for the half year to March 30, 1980 were 11.4p per share, compared with 9p, and an interim dividend of 1.2p net (1.0p) will be paid on July 4.

Mr. P. H. Byam-Cook said that the board proposes to recommend a final dividend of 2.2p net compared to 1.5p last year.

The stock will be convertible from March 1 to March 21 in each of the years 1981 to 1990, on the basis of 82 ordinary shares for £100 nominal of stock, or 122p per share.

Dealings are expected to start on May 30 and the stock will be payable in full on acceptance not later than June 19.

Underwriting is by S. G. Warburg and brokers are L. Messel.

● comment

NSS is recovering its momentum with a nearly 20 per cent increase in pre-tax profit in the first half, although outside expectations for the first half seem to have been even higher. The shares lost 6p yesterday to 112p. Higher interest charges, longer than expected start up costs at a large store in a new Manchester shopping centre and the impact of newspaper disruptions all shaved bits off the previous 25 per cent annual growth pattern. The Wynd Up record wholesaling business expects profit for the full year of close to £800,000. The rights issue will leave the group poised for further expansion or acquisitions and will help reduce borrowings slightly. With a 122p conversion price on the loan stock, the shares could fall some more through the issuing period. The prospective yield on the proposed 3.5p total net dividend is a nominal 4.3 per cent but the fully taxed, fully diluted prospective p/e is a handsome 10.4.

Automated Security seeks £3m

A £3.1m rights issue of convertible unsecured loan stock has been launched by Automated Security (Holdings).

The basis is £3 of 8 per cent stock for every 10 ordinary shares and £6 of stock for every 9 convertible cumulative redeemable preference shares at par.

Automated's three year plan calls for additional investment of up to 10m in rental systems and the directors intend to supplement this programme by acquisitions and joint ventures.

The company has recently achieved the distributorship for Racal/Vikonics' security products both in the UK and in Spain.

Initially, however, the cash will be used to reduce debt. The last accounts showed loans of £2.82m and overdrafts of £363,000.

The loan stock may convert into ordinary shares during any April in 1981 through to 1990 at an effective price of 240p per ordinary share.

Energy Finance and General Trust and stockbrokers Greene and Co. have underwritten the issue.

● comment

For a growth company such as Automated with a very low yield on its ordinary shares a rights issue of convertible loan stock is a very reasonable and tax efficient way of raising cash. At the end of the day the dilution is only around an eighth, and the yield on htet loan stock could encourage the more income-conscious institutions. Automated has no apparent need of extra money at present. The last balance sheet showed debt to capital employed at 32 per cent and its own cash flow is strong enough to finance much of the proposed expansion in rental assets. The thinking behind the issue is probably to wipe out the debt caused by its past acquisitions—Brocks Alarms being the most notable—and give it the flexibility to finance some more small acquisitions thus increasing area density with little additions to overheads and a subsequent boost to marcins. Nothing is imminent but history shows that Automated can and will gobble up some of the smaller security firms.

RUGBY PORTLAND

More than 90 per cent of Rugby Portland Cement's recent rights issue has been taken up. The balance has been sold, with the excess over the subscription price of approximately 17.89p to be distributed among the original allottees in accordance with their respective entitlements.

LONDON LISTING FOR BASF

Shares of the large German chemical group, BASF, will be introduced to the Stock Exchange today for trading. The group seeks a broader market for its shares. It has no plans for raising equity capital in the UK market and its shares are already listed in Frankfurt and 15 other stock exchanges in Europe.

Net income per DM 50 share in 1979 was DM 15.7 and the proposed dividend is DM 8 per share. At the present price of DM 42.6, BASF's market capitalisation is DM 5,621m. (First quarter results, see Page 28.)

Pick-up for Usher Walker

A strong second half boosted taxable profits of **Usher-Walker**, manufacturer of printing inks and rollers, to £294,559 for 1979, compared with £214,459 previously. Turnover rose from £5.54m to £6.41m.

Interim taxable profits tumbled to £85,000 (£224,000), but the directors expected full-year results would comfortably exceed those for 1978.

The net total dividend is increased from 3.6146p to 4.0664p, with a final of 2.7837p. Earnings per 10p share are shown as 8.63p (7.36p).

Tax took £109,517 (54,252) — SSAP 15 has ben adopted and comparisons restated. There was an extraordinary credit of £87,006 this time arising from the surplus on realisation of plant and machinery under fire insurance claims, less related tax.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aberdeen Invs.	2.3	July 1	1.85	3.5	2.85
Akroyd & Smithers int.	7	July 3	5	—	20
James Beattie	4.5	June 3	3.11	4.5	3.11
British Home Stores	5.25	July 10	3.9	8.75	7
Dubilier int.	0.65	July 21	0.59	—	1.27
French Kier Hldgs.	1.55‡	July 13	1.1	2.5	1.93
Joseph Holt	4	—	1.76	6	2.43
King & Shaxson	4	June 13	2.79	5	3.91
Macdonld Martin A ord.	8.5	July 4	4.78	11.5‖	7.78
M. Mole	nil	—	0.41	nil	0.41
More O'Ferrall	4	July 3	2.25*	5.5	3
E. J. Riley int.	1.25	July 11	1.25	—	3.5
Scottish Nthn.	1.94	—	1.73†	3.14	2.53*
Tysons	2.12	July 1	2.12	2.12	2.12
Young Companies I. Tr.	3.8	July 7	2.6	5.8	4.2

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes non-recurring payment of 0.28p. § Plus 0.14062p for previous year on ACT reduction. ¶ Increased to reduce disparity. ‖ For nine months.

Akroyd up despite pension increase

STRUCK AFTER a £2.53m special contribution to the company's pension funds, taxable profits of **Akroyd and Smithers**, jobber, expanded to £12.18m for the 24 weeks ended March 21, 1980, compared with £9.23m for the 27 weeks to April 6, 1979.

Turnover, the aggregate value of sold bargains, improved slightly from £13.1m to £13.7m.

The interim dividend, to reduce disparity, has been increased to 7p (5p) net per 25p share, the final payment depending on full-year results which are expected to be satisfactory—last year's final was 15p from pre-tax profits of £11.13m.

Tax relief for the expenditure on the pension contributions will be spread over five years, and directors say this is the main reason for the high tax charge for the first half—well up at £7.6m (£4.55m).

Earnings per share are given as 57.3p compared with 58.5p.

On a CCA basis consolidated profits, which were £12.1m, before associates' share, are reduced to £10.1m, and retained profit to £2m.

● comment

Happy the jobber which gets its gilt-edged book the right way. "The correct interpretation of market conditions" as Ackroyd blandly describes the fruits of frenetic and successful dealing over the half year has been enough to compensate for a major pension fund top-up and to leave profits well on course for a new record. That, of course, depends on the successful anticipation of the Government's funding requirement this summer but the firm is sounding if anything more confident than usual and the high tax charge still leaves ample cover for the high historic dividend yield.

HEAVY LOSSES FOR CORNING

A pre-tax loss of £791,000 against a profit of £3.93m is reported by Corning, the *Sunderland-based gass manufacturer*, for the year to December 2, 1979.

Company's ultimate holding company is Corning Glass Works of the U.S.

Fraser well placed

THE DIRECTORS of **House of Fraser** hope to be able to achieve a rising level of profits and dividends. However Sir Hugh Fraser, the chairman, tells members that the Board must also take account of the need to maintain an adequate level of dividend cover to maintain ability to expand by investment in aditional assets and acquisitions.

Looking ahead he says that the Government's present monetary policy is beginning to bite and departmental store retailers will have to fight very hard to hold or improve their share of trading. Sir Hugh says that the company is well set to take whatever opportunities arise during the current year and expects to expand its market share.

He believes that the group's relationship with suppliers will enable it to overcome the anticipated squeeze on margins.

Because of the company's growth members are to be asked at the annual meeting on June 19 to approve an increase in the number of directors from 15 to 18.

As known, for the year to January 26, 1980, group taxable profit slipped to £37.15m (£40.49m) and the net dividend was raised more than 36 per cent to 6p. On a current cost basis, along the lines of the Hyde guidelines, profit was cut to £23.96m (£31.35m)

At year end net liquidity was up £7.96m (down £1.05m)

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Burmah planning £60m spending programme

BY RAY DAFTER, ENERGY EDITOR

Burmah Oil Company is planning to double its capital expenditure to around £60m this year.

Some of the investment would be injected into North Sea ventures, for the group was hoping to expand its oil exploration and production activities. Last year oil production from the UK Thistle Field, in which Burmah has an 8.1 per cent stake, contributed significantly to the group's pre-tax profit of £67.3m (£17.1m in 1978).

It was disclosed that Burmah intended to lead two consortia which will shortly bid for new exploration licences on the UK Continental Shelf; one will concentrate on the North Sea, the other will seek licences in the English Channel.

Each consortium will contain a number of international companies although they will both have predominant UK interests. The Government has said that it will favour applications from groups with substantial UK interests.

Part of the investment will also be used to make Burmah's Ellesmere Port oil refinery more energy-efficient. The Castrol lubricants business, together with two companies in the automotive sector, Quinton Hazell and Halfords, will also receive a share of the capital expenditure as part of a wider expansion programme.

Mr. Stanley Wilson, managing director and chief executive of Burmah, said that the bulk of the investment would be financed from the group's improved cash flow. It was the company's intention, he said, to develop the three main sectors of its business: oil (including exploration and production); industrial activities (wholesaling and retailing); and shipping (including the operation of a terminal in the Bahamas).

On the shiping front, Burmah has taken out of mothballs its previously laid-up liquefied natural gas carrier, the Aquarius. The carrier, the only one of eight vessels not permanently dedicated to the Indonesia-Japan LNG trade, is being used temporarily to carry liquefied gas between the two countries. Burmah is hoping that an increase in the Indonesia-Japan trade will absorb spare capacity on its seven dedicated carriers and result in the permanent employment of Aquarius.

Burmah, which had a turnover of £1.09bn in 1979, says in its annual report that the recommendation of a 6.5p per share dividend for last year marks the restoration of the group to a "healthy financial condition." For the first time since 1974 the auditors had not thought it necessary to qualify their report. Mr. Wilson said that so far this year the group had coped with depressed trading conditions "reasonably well."

● comment

After the years of retrenchment, Burmah is now showing its determination to rebuild its operations. Capital spending this year is to double to £60m, with a substantial slice going to expand the distributive outlets of Halfords and Quinton Hazell. So, with post-tax earnings unlikely to be much higher in the current year, a small increase in net borrowings may be required. The proportion of net debt to equity, now a shade below 75 per cent, looks unlikely to fall appreciably in the short-term, while the company's ambitions in oil exploration may be proving expensive in cash by the mid-1980s. In spite of the healthy current cost dividend cover of nearly two times, therefore, any hopes that the rise in dividend will be sharp over the next year or two are probably misplaced. The share price rose 6p yesterday to 216p.

Bonus payment as French Kier tops £8.27m in record year

RECORD LEVELS in both turnover and profits for 1979 are 1979 are reported by French Kier Holdings, civil engineering construction, building, housing and property developer. Pre-tax profits climbed from £7.53m to £8.27m after improving from £3.3m to £3.6m at halfway.

After tax of £3.43m against £3.53m, stated earnings per 25p share are up from 8.2p to 10.2p, and the final dividend is raised from 1.1p to 1.55p for a total of 2.5p (1.925p), and includes a non-recurring payment of 0.28p.

The group had a substantial extraordinary profit of £1.22m (£305,000 loss) from the sale of a completed development in Canvey sland, Essex. This investment has been held as a fixed asset.

Mr. J. C. S. Mott, the chairman, says the four main operating sub groups all traded profitably, but the trading results of certain individual companies are giving concern, reflecting the difficult trading conditions in the British construction market.

The Robert Marriott Group registered a loss of £458,000 as a result of difficulties experienced with a number of contracts.

Looking ahead, he says it would be unrealistic to expect that, in view of the Government's stated policies, there will be any marked improvement in the UK construction market. Estimated margins are likely to be under continuing attack.

Overseas the group continues to face fierce competition, but it has maintained its order books in the mainstream business.

Group turnover for 1979 was a record £208.8m against £163.2m. Of this total "construction in Europe" increased its contribution by 35 per cent to £157m.

● comment

The turnround into losses from 1978's £1 profit by the Robert Marriott subsidiary has held profits at French Kier to a modest advance. Almost all of the striking turnover boost came from construction in Europe. Profits here were £3.5m, with construction overseas chipping in a further £3.3m. Interests outside mainstream construction accounted for £1.4m profits with property coming strongly ahead from last year's break-even to contribute £0.8m. Net cash holdings have increased by £2m to £11m and to interest receivable should continue climbing in the current year. Elsewhere, the picture is less cheery. Marriot should at least reach break-even this year, but European margins are tight and the UK public sector holds out little hope. At 39p, down ½p, the share price discounts net worth by a third. The fully-faxed historic p/e is 4.5 on an historic yields of 8.5 per cent, stripping out the once-off distribution.

£0.36m deficit for Tysons (Contractors)

A SECOND HALF loss of £195,815 against a profit of £105,935, resulted in Tysons (Contractors), construction engineer, reporting a loss of 1979 £362,994, compared with a pre-tax profit of £211,360 in the previous year. The loss was struck after adopting SSAP9 on stock valuation which amounted to £148,700.

The board says the workload in 1980 has shown signs of improvement and it is thought that the downward trend in profits leading up to 1979 has now reversed.

After a tax credit of £46,655 (£78,030 charge), there is a loss per 10p share of 6.23p, against earnigs of 2.67p, but the dividend is unchanged at 2.1175p.

Turnover for the year improved from £10.55m to £14.24m.

E. J. Riley falls to £345,000

REFLECTING DIFFICULT trading conditions, pre-tax profits of E. J. Riley, snooker and billiard table maker, snooker club operator, fell from £403,000 to £345,000 for the six months ended January 31, 1980, on turnover of £3.47m against £3.1m.

With no sign of an improvement in trade, results for the second half will be affected, directors state, but the company is working hard to improve the position and looks to the long-term future with confidence.

Profits for the 1978-79 year were £803,000.

Earnings per 10p share are shown as 2.53p (3.59p) as at January 31, after tax of £179,000 (£204,000), and the interim dividend is unchanged at 1.25p net—last year's final was 2.25p.

The directors say that the trading situation was further aggravated by the increase in imported furniture, helped by the strength of sterling.

The snooker clubs, however, continued to produce good results, they add.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Matthew Brown, Herman Smith, Ranks Hovis McDougall.

Finals—Barr and Wallace Arnold Trust, Bulmer and Lumb, City of Oxford Investment Trust, Coats Patons, London and Lennox Investment Trust, J. T. Parrish, Walter Runciman, Salincourt, UDS, Wamford Investment.

FUTURE DATES

Interims—

Associated Paper Industries	May 15
Australia and New Zealand Banking	May 19
Cardiff Property	May 23
Hanson Trust	Jun. 11
Management Agency & Music	May 19
Plaxtons (Scarborough)	May 20

Finals—

Booth International	May 14
British-Borneo Petroleum	May 15
Buckley's Brewery	May 29
Butterfield-Harvey	Jun. 19
Camrex	May 14
Chloride	Jun. 12
Duport	May 21
Hambros Investment Trust	May 22
Hinton (Amos)	May 16
Prince of Wales Hotels	May 15
Scott and Robertson	May 20
Stonehill	May 21

Macdonald Martin at £1.5m

With second half pre-tax profits improving from £776,933 to £902,274, Macdonald Martin Distilleries reports figures for the year 1979 at £1.53m against £1.3m in the previous nine-month period.

Interest charged was considerably higher at £820,316 (£258,631); and tax takes £141,108 (£13,077). The final dividend is raised from 4.78p to 8.5p, making the total 11.5p against 7.78p.

Turnover for the full year was £13.76m (9 months £8.33m).

Joseph Holt near £1m

AN ADVANCE of £109,149 in the second half enabled Joseph Holt, brewer and wine and spirit merchant, to lift taxable profit for 1979 from £802,505 to a record £977,563.

The net toal dividend is being stepped up from 2.4278p to 6p by a 4p final.

In May last year the company forecast a successful 12 months with good use being made of the recent 50 per cent increase in brewing capacity.

With tax taking £472,042 (£373,829) the net balance emerged at £505,521 against £428,676.

BIDS AND DEALS

Asprey breaks silence to reject Dunhill offer

ASPREY, the Bond Street jewellers, has broken its silence on the joint £11.4m bid from Alfred Dunhill and Dubai business interests and issued a firm rejection. It also said profits declined last year.

Mr. John Asprey, the chairman, said that he and close family members together with related trusts owned more than 46 per cent of the company's equity and did not intend to accept the offer, worth £28.50 cash per share.

Commenting that maintenance of Asprey's as a family company was vital to its continuity and development, he said he and his close family would take whatever steps were necessary to achieve this.

But he said that with a group of this size, it was possible to combine family control with significant outside interests. While not elaborating, he said a number of Asprey's policies, including those on dividends and board representation, would be reviewed.

Dunhill, which is making the bid together with the Altajir family through the newly-formed Dunhill-Logida company, would not comment yesterday on Mr. Asprey's letter to shareholders.

This stated that turnover and net profits would be around 10 per cent lower i nthe year to March 31 just ended, with a greater fall at the pre-tax level.

But he added that, given a period of stability, the group could resume its growth trend. In 1978-79, sales were slightly down at £15.7m, with pre-tax also lower at £2.9m. Net profits dropped from £2.2m to £1.8m.

A revaluation of Asprey's properties would lift net assets from the £9.3m shown in the last accounts to £15.7m, he said, with a further rise to £16.5m if estimated retained earnings for 1980 were also taken into account. This was equivalent to over £41 a share, or 45 per cent above the bid.

TRUSTHOUSE FORTE BUYS TWO HOTELS

Trusthouse Forte has agreed terms for the purchase of Bowater Hotels, which owns the four star Compleat Angler Hotel at Marlow, Buckinghamshire, and the Lambert Arms Hotel at Aston Rowant, Oxfordshire.

This acquisition, which is understood to have cost around £1m, brings the total number of hotels in the THF group up to 862.

Wagon Indl. £2.6m French acquisition

In a deal worth some £2.63m cash, Wagon Industrial Holdings, the engineering and office furniture group, has agreed to acquire Vinco, a French manufacturer of office furniture based in Dieppe.

In 1979 Vinco's turnover amounted to FFr 142m (£15.9m) and profit before tax was FFr 8.41m (£941,000). Net assets at that date amounted to some FFr 25.57m (£2.86m).

WIH believes that the acquisition of Vinco will contribute to growth and that considerable opportunity for profitable expansion of its business exists within the enlarged group.

Completion will take place as soon as the consent of the French Ministry of Economy is received which is expected by September 1980. WIH intends to finance the consideration wholly from its existing resources.

WIH is being advised by Morgan Grenfell and Vinco by Banque Occidentale pour l'Industrie et le Commerce.

KELLOCK HLDGS. RECONSTRUCTION

Kellock Holdings, a debt factoring company, is proposing a reconstruction of its capital under which a new holding company, Kellock Trust, will make an offer for the existing capital.

Under a scheme of arrangement all the securities in KH will be cancelled in return for cash unless holders elect to receive KT shares.

The terms are:— for each KH 11 per cent redeemable preference share, 90p in cash or one new 12¾ per cent preference share in KT; for every 20 KH ordinary, and for every 20 units of 10p of convertible irredeemable subordinated variable rate loan stock, £18 or 17 viraible loan stock, £18 or 17 variable rate convertible preference shares of 40p each and 3 ordinary 40p shares in KT.

In addition, KT plans to issue, at par, a further 500,000 12¾ per cent preference shares for cash to a number of institutional investors. Following all the transactions the capital of KT will be £1.67m.

The directors are forecasting profits, before tax, up from £150.015 to not less than £300,000 for 1980.

PROV. LAUNDRIES —PURCHASE AND DIIVDEND BOOST

Provincial Laundries has agreed to buy Coleman Milne, motor vehicle adaption specialist, for £752,500. Also Provincial is proposing a one-for-two scrip issue and plans, subject to the purchase being completed, to at least double the 1980 net dividend to 1.16p on the increased capital.

The deal, which requires shareholders approval, is basically for cash but Mr. R. S. C. Milne, the principal shareholder of Coleman can opt for £99,000 to be satisfied by 275,000 ordinary shares adjusted, if appropriate, to take account of the scrip. Mr. Milne would enter a four year service agreement as chief executive and other directors would continue in office.

For the half year to January 31, 1980, Milne produced pre-tax profits of £151,500 on £1.93m sales and, at half-time, had net tangible assets of £0.63m.

Provincial, meanwhile, is proposing to increase its own authorised capital and to change its name to Provincial Ltd and alter its objects to more closely reflect its growing role as a holding company.

Unigate offers Clifford's more

Unigate came back with a higher bid worth £17.7m for Clifford's Dairies yesterday, but again faced strong resistance from the family-controlled concern.

The board of the Berkshire-based company described the increased terms as "an opportunistic attempt to seize control of Clifford's on the cheap which must be strenuously resisted."

Clifford's voting shares soared by 83p to 195p yesterday on the improved terms.

This time, Unigate, which already owns 4.7 per cent of Clifford's voting shares and 5.06 per cent of the "A" non-voting shares—the latter gained 10p to 99p—is offering 200p cash per voting share instead of the previous 120p.

Alternatively, it is putting up three of its own shares for two of Clifford's. The new cash offer values the voting shares at £3.5m. For the "A" shares, it is again offering 105p cash each; the alternative is nine Unigate for 10 of Clifford's shares.

If the bid goes through, Unigate, whose sehares eased 1p to 114p, wil be paying out some of the £87m it received from the Milk Marketing Board for the sale of its creameries last year.

But the Clifford and Smith families control over 60 per cent of the voting shares and the board said it will reject the offer for its own substantial holdings. "We have made a sensible offer and we're not going to chase the shares," said Unigate's finance director, Mr. James Cook, when asked if this was the final offer.

GRAND MET. EGM ADJOURNED

On the recommendation of Mr. Maxwell Joseph, the chairman, Grand Metropolitan members voted yesterday to adjourn, until Friday, May 23, an EGM to consider the company's proposed $415m acquisition of the U.S. tobacco and drinks group Liggett.

MAPLE

Mr. John Cussins, managing director of Waring and Gillow, said yesterday that "Waring and Gillow remain doubtful that another bidder wil materialise" for Maple and Co.

W and G, which is bidding one share plus 312p cash for every 12 Maple shares, said "any serious bidder should put forward proposals by now."

Th Waring and Gillow rspons follows a statement to the Take-over Panel by Maples that it "had provided information relating to its properties to the potential offeror referred to in its announcement on May 1. To date no proposals have been put forward."

30p offer for Christy

Simon and Coates, the stock-broking firm, is offering 30p per share or £600,000 in cash for the Chelmsford-based mechanical engineering group, Christy Bros.

The firm intends to act as a principal to undertake the bid but will, if successful, sell the shares acquired pursuant to the offer to institutional clients. They would be represented by Mr. J. H. Dyer, head of Armstrong Equipment's fastenings and light engineering division who, with his wife, already owns just under 10 per cent of Christy's equity.

The stockbroking firm's other investment clients control a further 8 per cent of Christy and the offer price represents a 30.4 per cent premium to the middle market price of 23p ruling immediately before the bid was announced yesterday.

For ordinary shareholders wishing to realise their holdings immediately, the broking firm intends to stand in the market and purchase Christy shares at up to the offer price—the shares quickly ran up to the offer price yesterday.

● comment

Christy has had so many changes of management and so many rumoured bids over the last decade that shareholders can be forgiven some confusion at yesterday's events. They will be only too well aware that profits have so far failed to respond to yet another change of direction and that assets of 53.9p in the last balance sheet comfortably exceed the value of the latest approach. After a near £500,000 cash overflow last year, the group clearly needs a new cash injection, even if profits may well recover in the aftermath of the engineers' dispute and the elimination of old, loss-making contracts. Simon and Coates is obviously in the vanguard of the broking fraternity's moves to take events in its own hands and act as principal in this way but for Christiy's shareholders, as well as the firm's own image, there is now a clear need to spell out precisely how Christy would be managed, how and under what conditions new capital would be injected and, not least, how ownership would finally be apportioned.

D. Lancaster in reverse take-over

The owners of tour operator, Club 18-30, have agreed to make a reverse take-over of fading textile company D. M. Lancaster.

An extraordinary meetings of Lancaster shareholders has been called for May 27 to approve the transaction. The company also plans to request that its stock exchange listing, suspended last November when negotiations with Club 18-30 began, be restored. If shareholders approve, dealings are expected to begin again on June 2.

The deal calls for Rantlodge, which owns 65 per cent of 18-30, and Resort Investment Services (Jersey) an associated company which owns the rest, to exchange their 18-30 shares for a combination of cash and new Lancaster shares and loan stock worth £700,000. This would leave the owners of 18-30 with 58.9 per cent of Lancaster shares.

The basic package consists of £165,000 in cash, 5,800,000 new 5p shares and a £245,000 13 per cent unsecured loan note.

The number of shares would increase to give 18-30 owners a maximum of 67.2 per cent of the Lancaster equity if pre-tax profits of Club 18-30 reach £350,000 in the year to end November 30, 1980.

Club 18-30 made a pre-tax profit of £172,818 in 1979 on turnover of £4.7m — Lancaster's figures were £15,000 an d£187,000 respectively.

The Stock Exchange has waived the normal requirement that a general offer be made to all shareholders when more than 30 per cent of the voting rights of a listed company are changing hands.

ANTONY GIBBS PROFITS FALL AND NO FINAL DIVIDEND

Antony Gibbs, the merchant bank which is being taken over by the Hongkong and Shanghai Banking Corporation, suffered a drop in net profits from £407,000 to £36,000 in the year 1979.

The group was actually in loss of £75,000 before associates' earnings of £111,000 were added. Sir Philip de Zalueta, the chairman, says in the offer document that in the light of the results, the board intends to pass the final dividend.

The outcome was due "primarily to a substantial fall in earnings from insurance broking activities, which were adversely affected by the continued rise in the value of the pound against the U.S. dollar, and to further losses by the manufacturing and trading subsidiaries in Australia," says th echairman.

MINING NEWS

Reshaped Bond group bid for White Industries

BY KENNETH MARSTON, MINING EDITOR

THE GROUP of companies associated with Western Australian businessman Mr. Alan Bond, yesterday announced an extensive corporate reshuffle which included a takeover bid for control of the New South Wales coal group, White Industries, reports James Forth from Sydney.

Endeavour Resources, in which Bond Corporation already has a 24.6 per cent shareholding—it will increase to about 45 per cent after the reshuffle—has already bought a 43.5 per cent equity in White for A$45.9m (£2.6m) and is bidding A$18 a share through a subsidiary, Narla Prospecting, to take it to 51 per cent.

The White camp has consistently claimed, since a spectacular three-day share market contest erupted more than three months ago—that it was battling against the Bond group, tacitly supported by Mr. Kerry Packer's Consolidated Press Holdings.

The White camp which includes the White family, the Japanese Mitsubishi group and a White-associated company, Mareeba Mining, claims to control 53 per cent of White's capital which, if correct, would mean that Endeavour cannot succeed.

But Endeavour has taken legal advice and disputes the issue of certain White shares, principally a recent staff issue of 5 per cent of the capital.

It intends to take "immediate action" in the NSW Supreme Court for a declaration that the issue was invalid, which would leave both sides to fight it out for the remaining few per cent.

Endeavour's offer price values White at A$170m, but it is still far short of the peak price of A$30.50 per share paid on the share market, which valued White at close to A$300m.

However, Endeavour picked up its 43 per cent stake for A$45.9m, or an average price of A$11.19 a share. This includes the 25.8 per cent CPH stake. It is the first time the Bond group has admitted an interest of more than 5 per cent in White.

As a further element in the reconstruction Endeavour is paying A$16.23m to acquire Bond Corporation's 30 per cent stake in Bond Mining and Exploration.

This is the vehicle which held the Bond group's assets in the Cooper Basin Gas and Liquids partners, Santos (15 per cent), Reef Oil (67 per cent) and Basin Oil (31 per cent) but these have already been transferred, principally to Bond Corporation, for a total of A$82m.

Endeavour will also take a small portion of the Reef stake for A$5.8m. Endeavour will issue 31m shares at 38.5 cents each, or almost A$12m, to Bond Corporation for the BME stake which will take its interest to 95 per cent.

Commenting on his group's reshuffle, Mr. Alan Bond, said in London: "All the shares purchased in the transactions anounced are being held for long term investment. Bond Corporation intends to play a major part in the development of the oil and gas industry in Australia."

The remaining 5 per cent of BME is held by Leighton Mining, which is also 49 per cent owned by Endeavour. Even if Endeavour were able to thwart the White camp's present position, the Mitsubishi group still has lee-way. Mitsubishi owns a 40 per cent equity in the proposed Ulan coal mine NSW, potentially White's major asset.

It alos owns close to 16 per cent of White's capital and has received permission from the Foreign Investment Review Board to increase it to 25 per cent.

Mitsubishi and Bond interests have been persistent buyers on the market, where the White Industries share price is hovering around A$17.50. But Mitsubishi could decide to step up its bidding and lift the market price above Endeavour's stated offer price of A$18 a share.

SPAIN

May 9	Price %	+ or −
Banco Bilbao	203	−1
Banco Central	206	
Banco Hispano	200	−1
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	237	
Banco Urquijo	140	
Banco Vizcaya	280	−1
Banco Zaragoza	200	
Dragados	78	−3
Espanola Zinc	60	−2
Fecsa	59	−0.2
Gal. Preciados	24.5	−0.5
Hidrola	65	+0.3
Iberduero	58	−1
Petroleos	101	
Petroliber	59	
Sogefisa	107	
Telefonica	52	
Union Elect.	647	

Output falls at Gopeng

Tin concentrate production at Gopeng Consolidated, the Malaysian producer registered in London, fell last month, statistics from the company reveal. But, after seven months of the current financial year, cumulative output at 1,134½ tonnes is running fractionally ahead of last year.

Comparative outputs for the group's mines are detailed in the accompanying table:

	April tonnes	March tonnes	Feb. tonnes
Gopeng	145¼	161½	152⅔
Tanjong	38	15¼	7½
Idris	15¼	18¼	18¼
Pengkalen	16¼	13¼	12½

Oaky Creek's Spanish deal

AMERICA'S Houston Oil and Minerals has agreed to sell a 5 per cent stake in the big Oaky Creek coking coal project in Queensland which, if approved by the Australian Government, would enable the development of a mining operation.

Houston has signed heads of agreement with the Spanish steel group, Empresa Nacional Siderurgica SA (Ensidesa) on the sale of the Oaky equity and for Ensidesa to purchase 800,000 tonnes of coal a year from the venture for at least eight years.

Finalisation of the deal is dependent on relevant government approvals and the formalisation of a sales agreement before June 30.

Ensidesa is the third European stel group to join the Oaky Creek venture. The others are Holland's Estel-Hoogovens and Finsider of Italy.

Federal approval would bring the total sales from the project to 1.7m tonnes a year which would allow the joint venture partners to arrange for financing and for the project to proceed to full production.

The government is the only potential hurdle to a go-ahead. It recently rejected a proposed partnership for the CRA group's Blair Athol steaming coal venture on the grounds that it did not meet the requirement of a local equity of 50 per cent for new mining projects.

The only Australian equity in Oaky Creek at present is that of MIM Holdings and the latter company is almost 50 per cent-owned by America's Asarco. Houston Oil has indicated, however, that it might offer local equity in the operation.

BHS profit up 24.6%

TOTAL SALES, including VAT, of British Homes Stores moved ahead 23.8 per cent to £401.26m for 1979, while pre-tax profits rose by 24.6 per cent to a record £41.83m, against £33.58m previously. First-half taxable surplus had increased from £10.43m to £13.21m.

Sales were split between: merchandise £314.93m (£247.19m); food £63.46m (£58.85m); and restaurant £22.86m (£18.16m). The food sales figure reflects the removal of this department from 25 stores in the previous year. On a comparative basis, food sales rose 18 per cent (7.8 per cent actual).

Profits as a percentage to sales are shown unchanged at 10.4 per cent including VAT of £34.91m (£16.87m), but improved from 10.9 per cent to 11.4 per cent excluding the same.

There was a turnround from a £253,000 loss to profit of £15,000 from the 50 per cent owned associate, SavaCentre.

Tax takes £11.07m (£10.97m) and net profits were 36 per cent higher at £30.76m. Historic earnings per 25p share advanced from 2.1p to 30p and the dividend total is up to 8.75p (7p) net, with a final of 5.25p.

Extraordinary credits were ahead from £241,000 to £591,000. Dividends cost £8.98m (£7.17m) and retained surplus emerged £6.7m better at £22.38m.

Mr. C. W. Paterson will retire as managing director on July 31, but will remain non-executive deputy chairman. He will be succeeded by Mr. R. W. Burgess.

Lex, Back Page

Downturn at King & Shaxson

NET PROFITS of King and Shaxson, banker, dropped from £708,994 to £574,610 for the year ended April 30, 1980. The result was after provision for rebate, tax, minorities and transfer to contingencies.

In November, the directors reported that difficult trading conditions due to increases in interest rates had led to unprofitable trading in the first six months.

A final dividend of 4p net raises the total payment from 3.9099p to 5p per 20p share.

There was £100,000 (£500,000) transferred to general reserve, while the amount carried forward emerged at £1,875,937, against £1,901,750.

More O'Ferrall up £1.2m: 83% dividend lift

WITH THE second half profit continuing the substantial progress—it has advanced from £861,000 to £1.4m — More O'Ferrall has turned in 2.79m for 1979, against 1.57m.

Earnings per share are up from 11.4p to 18.9p, and the dividend is lifted from the equivalent of 3p to 5.5p, with a final of 4p.

The group is engaged in outdoor advertising and ancillary services. In the current year demand remains buoyant and the directors believe there will be growth in profits.

● comment

More O'Ferrall's first-half pre-tax profit increase of 93 per cent compared with an exceptionally depressed period so little inference should be drawn from the fact that the second six months ostensibly slowed down to leave overall growth at 77 per cent. Obviously it will be difficult to sustain this level of expansion but the group is perhaps being somewhat coy about prospects for 1980, particularly as it is already beginning to book space for the early part of next year. Prices, moreover, have had little difficulty so far in keeping pace with inflation. Adshel, the 50 per cent associate, increased its contribution from £262,000 to over £400,000 and the rate of capital investment is burgeoning. It now seems probable that More O'Ferrall will seek new acquisitions where its expertise can be exploited. As a good cash flow business, its decision to maintain high dividend cover, despite the 83 per cent rise in the 1979 distribution, is otherwise hard to understand. The p/e on the high tax charge is just 6.3 at 123p and the yield is 6.6 per cent which might have attracted a bid had it not been for the control exerted by board and family interests.

Talks with Crane have ended—TI

SIR BRIAN KELLETT, chairman of Tube Investments, told yesterday's annual meeting that TI was no longer engaged in talks with Crane Packing, the Chicago-based manufacturer of mechanical seals which announced last year that it was looking for a buyer.

Crane, a private company owned by a small number of family shareholders and trusts, was believed to be looking for a price getting on for £100m.

Sir Brian said that TI along with a number of other companies, was interested in acquiring Crane at "a sensible price." The owners of Crane "have failed to meet their expectations of price" and he added that any further moves "depend on the owners of this company reconsidering their position."

On prospects for TI the chairman said that 1980 got off to a bad start with the steel strike. Despite this and the generally harsher climate in which manufacturing industry is now operating, he expected pre-tax profits for the first-half of the current year to come close to those of the same 1979 period.

The chairman said that TI was able to avert large scale lay offs or plant closures but operating efficiencies were progressively eroded. And Sir Brian said that the group was still experiencing an aftermath of disruption in schedules and generally diminished confidence by customers.

Bio-Kil on target with £0.23m

Profits of Bio-Kil Chemicals jumped from £72,000 to £232,000 in the year to March 31, 1980, in line with the directors' forecast of not less than £0.21m, made at the time of the Stock Exchange placing in December.

Sales of the company, which manufactures chemical products for the treatment of wood, under the trade name Remtox, advanced from £0.55m to £1.05m.

Trading conditions continue to be buoyant in the current year, say the directors.

M. Mole runs into loss and omits payment

A second half deficit of £162,204 against £48,697, has left M. Mole and Son, hand tools, trailers and television equipment group, with a taxable loss of £150,621 for 1979, compared with a £56,053 profit.

And the dividend has been omitted—last year's payment was 0.4125p—loss per 20p share given as 6.55p (2.23p earnings).

Turnover was poor, the directors state—down from £1.88m to £1.76m for the year—particularly in the tools division, which incurred substantial losses.

Despite the settlement of the steel strike, the company has exhausted the total stock of specialist steels required in tool manufacture, and coupled with the continued costs of financing a significant level of stocks and work in progress, meant that from March the majority of the labour force in the tools division have been temporarily laid-off.

This will adversely affect the company's performance during the current year, and together with the national economic problems indicates another difficult year ahead, the directors say.

Consolidation costs in the closed-circuit television industry (CCTI) sector left a break-even situation at the year end. And towards the end of the year the trailer division was disposed of.

With effect from January 1, 1980, agreement was reached whereby Evode would take over the UK marketing and selling functions for the range of tools.

Loss for the year included interest charged of £113,562 (£73,940) but was no tsubiect to any tax (£4,673). The attributable loss came through at £149,821 against £41,179 profit.

Maurice James Industries set for record

Record taxable profits in the region of £600,000 will be announced shortly by Maurice James Industries for 1979. This is stated in a letter from the investment holding company to its shareholders telling them that agreement for the reduction of its ordinary share capital from 20p to 10p shares is expected on or about July 4.

Payment of the 10p difference will be made to members around July 18. The company also intends to cancel its 40,000 75p 3.5 per cent cumulative preference shares at 35p per share.

The Nineteen Twenty-Eight nears £2.5m

Revenue before tax of the Nineteen Twenty-Eight Investment Trust advanced from £1.95m to £2.48m in the year to March 31, 1980, and the dividend is raised from 3.33p to 3.85p net with a final of 2.35p. In addition, the directors propose to pay a non-recurring dividend of 0.6p, resulting from exceptional income from Shell and Unilever.

Stated earnings pere 25p share are up from 3.39p to 4.52p after tax of £0.84m (£0.72m). Net asset value was down from 100.6p to 85.7p per share.

Franked income rose to £2.08m (£1.57m) and unfranked income to £0.96m (£0.94m). Expenses and interest absorbed £0.55m (£0.56m).

CARDINAL INV.

Listing has been granted for an additional 613,816 Cardinal Investment Trust deferred shares, after holders of £568,347 6 per cent convertible unsecured loan stock 1985-87 converted into deferred ordinary.

NORTH AMERICAN NEWS

Another battle for control faces SCM management

BY STEWART FLEMING IN NEW YORK

Top management at SCM corporation, a $1.7bn New York-based conglomerate, is facing another battle to retain control of the company.

Mr. Willard F. Rockwell Jr, the 66-year-old retired chairman of Rockwell International, the aerospace concern, has told the SCM board of his intention to launch a proxy fight aimed at securing shareholder support for a board of directors which he will propose. The move will be the first step of a plan to restructure the company.

It will be the second time in a year that shareholders, dissatisfied with the SCM's performance, will be offered the opportunity of voting for a new regime.

Last year Mr. N. Norman Muller, chairman of a private company MacMuller Industries, launched a similar move and although it failel it did gather the support of 30 per cent of SCM's voting stock.

Behind the efforts to force a change at SCM lies the belief that the company's sluggish profits performance in recent years primarily reflects the poor performance of one or two key divisions and that if the company were to be broken up and some major disposals accomplished the valueof its shareholders' investment would rise sharply.

Last year SCM, which owns Smith-Corona the typewriter manufacturer, and also produces copiers, foods chemicals and pulp and paper, earned $47.4m after tax on sales of $17.6bn. This compared with $37.6m on sales of $1.5bn a year earlier.

The shares are selling at only around four times earnings with the price currently around $24 per share.

Analysts suggest that SCM's main problem areas are its food and chemicals operations reflecting a glut of titanium dioxide, a key product for the company, and of vegetable oil.

In response to the threatened proxy challenge by Mr. Rockwell, SCM has said it will resist such a move. There is some speculation on Wall Street that the company might seek an agreed merger if it appeared that Mr. Rockwell's moves were making progress.

Philip Morris sees higher sales

BY WILLIAM COCHRANE

MR. GEORGE WEISSMAN, chairman and chief executive of Philip Morris, said in London yesterday that his company could achieve a 50 per cent share of the U.S. cigarette market within the foreseeable future.

According to figures prepared by Lehman Brothers Kuhn the Wall Street investment bank, Philip Morris's share had risen steadily from 24.3 to 30.7 per cent of the market between 1975 and 1979. In unit terms Philip Morris's increase from 159.5bn to 216.0bn cigarettes per annum over the period, outperformed the rest of the industry. The sales fell from 496.5bn to 487.3bn units over the four-year term.

Mr. Weissman said that the pace of market share growth had accelerated slightly so far this year.

In brewing, where PM's Miller subsidiary similarly outperformed its competitors with a gain in market share from 8.6 per cent in 1975 to 21.3 per cent in 1979, Mr. Weissman expects the numbers to be less spectacular: "Anheuser-Busch, for example, has started playing our game and become very aggressive in marketing terms." However, PM is projecting a growth rate of 3 to 3½ per cent for the U.S. brewing industry, and further increases in the market share for Miller itself.

PM's third major production area is soft drinks, where it acquired Seven-Up in 1978. Mr. Weissman does not go along with the traditional view that Americans are cola-drinkers, seeing large geographical variations in Seven-Up's market share.

Seven-Up, however, will develop its own cola—"I see room for three," says Mr. Weissman.

Philip Morris has now registered 26 years of growth with earnings per share up from $1.81 to $4.08 over the past four years. But this is not reflected in PM's stock market rating, where the price/earnings ratio has fallen from 25 at the end of 1972 to 8 last December 31.

St. Joe forecasts slowdown

NEW YORK — St. Joe Minerals Corporation does not expect second quarter earnings to match those of a year ago, Mr. John C. Duncan, the chairman said yesterday.

St. Joe previously reported earnings of $24.3m or $1.09 per share for last year's second quarter. Sales were $269.4m.

Mr. Duncan said that third quarter earnings may not match year-ago results, either. For last year's third quarter St. Joe reported net of $20.8m or 92 cents per share and sales of $261.2m.

He said that earnings for the full year should "at least approximate last year's pre-write off results of $4.64 a share."

Slow demand and lower lead prices are expected to continue during the second quarter following the sharp decline in the automotive industry.

Lead earnings will be lower in 1980 than the $140m pre-tax operating profit last year, he said.

Annual earnings should rise about $1 per share in the year following the planned formation of a previously-announced joint coal venture with Royal Dutch/Shell Group.

Reuter

Cavenham bid illegal, Diamond claims

By Ian Hargreaves in New York

THE WAR OF WORDS between Sir James Goldsmith's Cavenham group and Diamond International, the New York-based Forest Products Company, was stepped up yesterday in advance of Diamond's annual meeting tomorrow.

Mr. William Koslo, president of Diamond, dismissed the terms of a $202m offer by Cavenham to buy 35 per cent of Diamond as illegal and against the long-range goals of the company.

But Mr. Koslo also urged shareholders not to act hastily on the Cavenham offer, pending further announcements from the Diamond board, indicating that Diamond may wish to revise the terms of a proposed friendly merger with Brooks Scanlon, another Forest Products firm.

Cavenham disclosed the terms of its offer late on Friday, offering $45 a share on condition that Diamond shareholders either reject or postpone their decision on the Brooks Scanlon deal in such a way that Cavenham is able to use its extra voting power from its new share acquisitions in the postponed vote.

Profits surge at JWT

By Our New York Staff

J. WALTER THOMPSON, the largest advertising agency in the world, yesterday announced a large increase in its income for the first quarter of 1980. Income to March 31 was $67.8m—a 32 per cent advance over the $51.5m for the comparable quarter a year earlier.

Net income during the first quarter was $696,000 or 0.23 cents a share, against $690,000 in 1979, but the latest figures are after providing for a net loss of $1.13m, or 39 cents a share on the sale of marketable equity securities. These securities were sold to provide funds for the proposed acquisition of Hill and Knowlton, the public relations agency by J. Walter Thompson.

U.S. OIL COMPANIES

Overseas gains surprise Wall St.

BY DAVID LASCELLES IN NEW YORK

U.S. OIL companies took Wall Street somewhat by surprise this quarter by announcing even better results than expected. Some of the majors more than doubled their profits, including Exxon which regained its position at the top of the Fortune 500 and with $1.9bn set a new record for quarterly earnings as well.

Following the spectacular earnings gains of 1979 which drove share prices up to record levels, oil analysts had been warning that there might now be some deceleration. They reasoned that the surge in oil prices had begun to flatten out, that demand for petroleum products was weakening, and that other factors like the new windall profits tax had come into play.

Negative

In the event, they erred on the side of caution. Profits surged ahead across a broad front, and many of the expected negative factors were weaker than expected. This sent Wall Street hurrying back to its files to find out why.

The general conclusion is that while the oil market turned out to be somewhat stronger than expected, a number of unpredictable and often rather freakish factors combined to swell the oil industry's earnings. The classic example was Occidental Petroleum which reaped a $120m profit simply by playing the recent surge in the silver market.

To start with the most predictable: the conspicuous leaders in the earnings league were the four members of the Aramco consortium, Exxon, Mobil, Texaco and Chevron (Standard Oil of California) who obtain a substantial part of their oil below world prices from Saudi Arabia. Although world prices have levelled this year, this so-called "Aramco advantage" must still have been worth some $5 a barrel.

But even no-Aramco members tended to do better outside the U.S., where prices are freer, than they did at home where the complex oil price control structure is still being dismantled.

For instance Amoco (Standard Indiana) made a point in its earnings statement of stressing that foreign petroleum, and worldwide chemical and mineral earnings accounted for 86 per cent of the quarterly earnings gain. Domestic petroleum earnings were up only 16 per cent. Such explanations have become a routine part of the oil companies' attempts to placate the inflation-harrassed U.S. consumer.

However, there a number of companies also reported improved results in their domestic refining and marketing activities, an area that was under pressure before the U.S. government took a number of steps to permit refiners to pass on a greater proportion of their costs.

Most striking in this regard was Exxon, which turned a large 1979 fourth quarter loss on refining and marketing into a profit of $38m. Exxon claims to have kept its prices slightly below market to reflect the Aramco advantage, a move which probably brought it an enlarged market share.

But many companies reported declines in volume sales because of the response of conservation-minded motorists to soaring petrol prices. Shell Oil, the country's largest gasoline retailer, reported that its sales of refined products had fallen by 20 per cent, to 888,000 barrels a day.

The overall strength of the quarter's earnings also reflected the fact that Congress delayed by two months the introduction of the windfall profits tax because of delays in putting the legislation together. The tax (which will cream off approximately two thirds of the profits attributable to the decontrol of U.S. oil prices in the 1980's), only came into effect in March, and thus applied to just one month of the quarter. Assessments of its impact varied. At Gulf it reduced earnings by $31m (on a total $389m), at Arco also by $31m (on $426m), and at Amoco by $34m (on $576m). These differences in the size of the "bite" reflect the companies' varying production mix. Gulf estimated that the total bite for 1980 would amount to $500m.

Large unusual earnings gains were reported by Mobil and Texaco who sold their stake in Belridge Oil to Shell Oil earlier this year. Respectively they netted $459m and $402m. Shell, on the other hand, reported that it will pay $350m this year in interest to finance the $3.65bn acquisition of Belridge.

The quarterly results also showed little change in the downward trend in oil production among the majors. Exxon's output fell from 3.85m barrels a day in the final quarter of 1979 to 3.67m in the latest quarter. There were similar declines of one-tenth per cent at Texaco, Gulf, Mobil, and Amoco.

Alaska

Three companies managed a conspicuous increase in output. One was Shell Oil, which raised production by about 10 per cent, through Belridge. The others were Arco and Sohio who benefited from the steady increase in output in Alaska.

Although all the oil companies are on the defensive about their soaring profits, some made a point of cautioning that the first quarter trend is unlikely to continue through the rest of the year. They cited a number of factors: the uncertainty of the world oil market, political instability in the Middle East, declining demand, the growing windfall tax "bite" and unpredictable oil prices.

Analysts semm to agree with these assessments, and most have sharply scaled down their earnings estimated for the rest of the year. A further point to bear in mind is that the size of earnings gains is likely to be much smaller from now on because 1980 results will be measured against the extremely good results achieved during 1979.

FIRST QUARTER RESULTS

	Earnings Increase %	Comment
Exxon	102	Aramoc advantage, foreign exchange gains
Mobil	105	Aramco, foreign earnings up sharply
Texaco	98	Aramco, higher product prices
Chevron	83	Aramco
Gulf	56	Higher prices
Amoco	65	Strong foreign oil, chemicals, minerals
Atlantic Richfield	76	Alaska
Shell Oil	67	Higher oil production and prices
Conoco	103	Higher margins and North Sea output
Sohio	169	Alaska

Trading thin ahead of AIBD meeting

By Our Euromarkets Staff

STRAIGHT DOLLAR Eurobonds showed little overall movement on balance yesterday as trading thinned ahead of the meeting of the Association of International Bond Dealers in New York later this week.

Gains of up to ½ point were recorded in early trading but there was no follow-through despite further cuts in U.S. prime rates.

The market, which is still digesting a large number of new issues, is becoming increasingly catuious over the speed at which interest rates have dropped over the past few weeks. Paradoxically prices softened a little when the prime cuts were announced.

Dillon Read is arranging a new straight dollar bond for Anheuser-Busch International Finance Co. NV. This issue, which marks the first appearance of the U.S. brewing concern in the Eurobond market, is for $100m with a maturity of ten years. The indicated coupon is 11½ per cent and will be fixed together with the issue price, on May 20.

Swiss franc foreign bonds rose by an average ¼ points in moderate turnover. Two new convertible issues were announced for Japanese borrowers.

Mitsubishi Electric is to raise SwFr 80m through a five-year convertible issue managed by UBS. The coupon is 6⅛ per cent and issue price par. Noritake Co. Ltd. which is not such a well-known name on this market, is paying a 6⅜ per cent coupon on its SwFr 30m, five-year issue which is led by Swiss Bank Corpn. and priced at par.

Siditic, mealwhile, is managing a SwFr 35m, 10vyear floating rate issue for Spain's Iberpistas. The loan bears interest at ⅜ per cent above six month Libor. There is a minimum coupon of 6⅛ per cent and issue price is par.

Prices of D-Mark foreign bonds were little changed with trading subdued ahead of Thursday's bank holiday.

AMERICAN QUARTERLIES

AMERADA HESS	1980	1979
First quarter	$	$
Revenue	2.33bn	1.54bn
Net profits	198.3m	129.7m
Net per share	4.74	3.13

BALTIMORE GAS & ELECTRIC	1980	1979
First quarter	$	$
Revenue	316.0m	293.0m
Net profits	29.36m	39.09m
Net per share	0.75	1.11

CHICAGO PNEUMATIC TOOL	1980	1979
First quarter	$	$
Revenue	123.0m	95.6m
Net profits	5.12m	5.4m
Net per share	1.05	1.02

CLARK EQUIPMENT	1980	1979
First quarter	$	$
Revenue	460.7m	414.4m
Net profits	20.81m	28.19m
Net per share	1.61	2.10

CNA FINANCIAL	1980	1979
First quarter	$	$
Net profits	33.7m	36.2m
Net per share	0.85	0.93

COCA-COLA	1980	1979
First quarter	$	$
Revenue	1.24bn	1.05bn
Net profits	92.1m	285.2m
Net per share	0.75	0.69

CONNECTICUT GENERAL INSURANCE	1980	1979
First quarter	1980	1979
Net profits	47.01m	46.05m
Net per share	1.14	1.09

ADOLPH COORS	1980	1979
First quarter	$	$
Revenue	176.4m	148.2m
Net profits	12.57m	11.08m
Net per share	0.36	0.32

EMERSON ELECTRIC	1980	1979
Second quarter	$	$
Revenue	780.1m	654.1m
Net profits	80.19m	51.95m
Net per share	1.00	0.88
Six months		
Revenue	1.5bn	1.2bn
Net profits	113.69m	97.6m
Net per share	1.89	1.65

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on May 12

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	91	91½	+0⅛	+3⅛	11.60
Australian Res. 9⅝ 84	30	94	94½	+0⅝	+2⅛	11.39
Beneficial Fin. 9¾ 87 ...	100	89½	90	+0¼	+1¾	11.94
CECA Grad. Rate 12 86	100	94⅞	95⅜	+0⅛	+3	13.08
CECA 11⅝ 90	50	97⅞	98⅛	−0⅛	+6⅜	12.00
Canadian Pacific 9¾ 89	50	91⅜	91⅞	−0⅛	+3⅜	11.28
Carter Hawley 9¾ 86 ...	50	89⅝	90⅛	−0⅛	+1⅞	12.17
Comalco Inv. E. 10⅛ 91	40	92⅝	93⅛	+0⅛	+4⅝	11.40
Continental Grp. 9⅝ 86	100	90½	91	−0⅝	+2⅜	11.81
Dome Petroleum 10 94	54	83⅜	83⅞	0	+2½	12.51
Dome Petroleum 13½ 92	50	101⅛	101⅝	—	—	13.26
Dominion Bridge 10⅛ 84	30	93	93½	−0⅞	+2⅛	12.44
EIB 11⅜ 92	80	96⅛	96⅝	+0⅛	+4⅛	12.31
EIB 13¾ 90	100	105⅞	106⅛	+0½	+4½	12.04
Ekportin 11⅛ 87	50	97½	98	0	+2⅛	11.72
Export Dv. Cpn. 9¾ 84	150	94½	95	−0⅛	+3⅛	11.32
Export Dv. Cpn. 12⅝ 87	100	104⅛	104⅝	—	—	11.77
Finland 9¾ 89	100	†87	87½	0	+4	12.31
George Weston 13½ 87	30	†98	98½	—	—	13.89
GTE Finance 9¾ 89 ...	65	85⅝	86⅛	−1⅛	+0⅜	12.41
GMAC 9¾ 89	75	91	91½	+0⅛	+3⅛	11.39
GMAC O/S Fin. 11 84	100	97½	98	+0⅛	+2½	11.62
GMAC O/S Fin. 13⅞ 85	100	104⅝	105⅛	−0½	+3⅝	11.99
Kennecott Int. 9½ 86 ...	100	85⅛	85⅝	−1⅛	0	13.17
McGraw 13½ 85	75	89⅛	89⅝	−0½	+3⅛	11.46
Manitoba 9½ 89	75	97⅛	97⅝	0	−0⅞	14.27
Michelin 10 94	125	87⅞	88⅜	+0½	+2⅛	11.74
Nat. Des. Telecm. 9½ 86	100	92	92½	+0⅛	+2⅜	11.32
New Brunswick 9¾ 94	75	85½	86	+0⅛	+2⅝	11.89
Newfoundland 10 94 ...	50	89⅞	90⅛	−0⅛	+2⅝	11.42
Norway 9½ 84	150	94⅜	94⅞	+0⅛	+1⅜	11.25
NorWest Ind. 13⅝ 87 ...	50	†98⅛	98⅝	−0⅛	−1⅛	14.00
Nova Scotia Pwr. 9¾ 89	50	89⅝	90⅛	+0⅛	+3⅜	11.60
Pennwalt O/S F. 9¾ 84	25	92½	93	+0⅛	+1	12.17
Pepsico Cap. 9⅛ 84 ...	100	94½	95	+0⅛	+2⅜	10.99
Quebec Hydro 10 99 ...	75	81⅞	82⅛	0	+1	12.52
Sears Roebuck 9 82 ...	150	96⅛	96⅝	−0⅛	+2⅝	11.25
SNCF 12⅝ 85	50	102⅞	103⅜	—	—	11.52
Statoil 9⅝ 89	100	89⅝	90⅛	+0⅛	+2⅞	11.42
Sweden 9¾ 89	100	89⅞	90⅜	+0⅛	+2⅛	11.57
Sweden 9¾ 84	100	95	95½	+0⅜	+2⅛	11.18
Unilever NV 9⅞ 87 ...	100	90⅝	91⅛	+0⅛	+3⅜	11.15
Warner-Lambert 9 84 ...	100	92⅜	92⅞	+0⅛	+2⅜	11.31

Average price changes... On day 0 on week +2⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 90	250	98⅝	99⅛	−0⅛	+0⅛	8.31
BFCE 7⅝ 87	100	97	98	+0⅛	+2⅛	8.24
BFCE 8½ 95	100	95⅛	96	+0⅛	+2	8.65
Brazil 8 87	150	92½	93⅛	−0⅛	+3⅛	9.39
CECA 7 91	150	95⅜	91⅜	−0⅝	+1⅜	8.28
Council of Eur. 7⅛ 89	100	93⅛	94⅛	+0⅛	+2⅝	8.26
Denmark 7⅛ 86	100	95⅜	96⅛	−0⅛	+1⅛	8.87
Denmark 8⅛ 92	100	97⅜	98⅛	0	+3½	8.55
EEC 7⅞ 94	225	94½	95⅛	−0⅛	+1⅛	8.48
EIB 7½ 89	200	93⅛	94⅛	+0⅛	+0⅛	8.54
Finland Rep. of 8 86 ...	150	96	97	0	+0⅝	8.70
Kobe, City of 7⅛ 89 ...	150	91⅞	92⅝	0	+2⅝	8.34
Neder. Gasunie 8 86 ...	100	99⅝	100⅛	+0⅛	+1⅛	8.04
New Zealand 7⅛ 87 ...	200	93⅛	93⅞	+0⅛	+1½	8.33
Norway 7½ 85	250	97⅜	98⅛	0	+0⅞	8.08
OKB 7⅞ 89	100	91⅞	92⅝	+0⅛	+1½	8.60
Oslo, City of 8⅜ 90 ...	80	99⅛	100⅛	−0⅛	+1⅛	8.80
Sweden 9¾ 87	200	104½	105⅛	+0⅛	−1⅛	8.79
World Bank 7⅛ 91	400	94	94⅝	+0⅛	+2⅛	8.55
World Bank 7⅞ 90	250	95⅝	96⅛	0	+2	8.53
World Bank 10 86	150	105⅞	106⅞	+0⅛	+1⅞	8.59
World Bank 10 90	200	106⅞	107⅞	+0⅛	+2⅛	8.85

Average price changes... On day 0 on week +1⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentine 5½ 89	80	96½	97	0	+6	5.97
Aumar 5 89	60	93½	94	+0⅛	+0⅛	5.90
Australia 3⅝ 89	250	90	90⅜	+0½	+1⅜	5.03
Bergen, City of 4⅝ 91...	40	91	91½	+0⅝	+2⅛	5.84
BNDE 5 89	75	86½	97	0	+0½	7.00
BMW Overseas 4⅛ 91...	100	91	91½	−0⅛	+0½	5.29
Caisse Nat. Tele. 3⅝ 89	100	92	92½	−0⅛	+1	5.46
CCCE 5⅛ 90	100	100½	101	+0⅜	+1⅜	5.64
Copenhagen 4½ 91	60	87⅛	87⅝	0	+2⅛	6.05
Council of Eur. 5 89...	100	92⅝	93	+0⅛	+1⅛	6.00
EIB 4½ 91	100	90⅝	91⅛	0	+4⅜	5.61
EIB 4⅝ 94	100	86	86⅝	+0⅛	+1⅜	5.80
Elet. de France 4⅝ 89...	100	93	93⅜	+0⅛	−0⅞	5.30
GZB 4⅛ 89	100	88½	89	+0⅛	−0⅛	5.83
Hilti 4½ 91	35	†93	94	0	+3⅜	5.01
Int.-Amer. Dev. 4½ 89...	100	88½	89	−0⅛	+1⅜	6.13
Jutland Tele. 4½ 90	50	100	100⅛	+0⅛	+1⅛	5.45
Malaysia 5 89	80	87½	88	−0⅛	+0⅛	6.80
Nippon Tel. & T. 4⅛ 89	100	91⅝	92⅛	+0⅞	+0⅛	5.36
Nordic Bank 5 89	45	98	98½	+0⅝	+1	5.24
Norges Komm. 4⅝ 91...	100	87	87½	0	−0⅛	5.94
OKB 3¾ 91	100	82½	83	+0½	+0⅛	6.95
OKB 4⅞ 91	100	87⅞	88⅛	+1	+0⅛	5.94
OKB 6 90	100	102⅛	103	0	+1	5.63
Oslo, City of 4⅝ 91 ...	100	86⅝	87⅛	0	+0⅝	5.99
Shikoku El. Pwr. 4⅝ 89	100	93½	94	+0⅛	0	5.83
Steweag 4⅞ 91	60	92	92⅛	+0⅛	+0⅛	5.89
Voest-Alpine 4⅞ 89	90	93	93½	+0⅝	0	5.73
World Bank 4⅝ 89	100	92⅝	93⅛	+0⅛	+1½	5.67
World Bank 4⅝ 89	150	92	92½	−0⅛	+3⅛	5.45
World Bank 4⅝ 91	100	91	91½	+0½	+2	5.68

Average price changes... On day +0⅛ on week +1⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 85	30	90⅝	91⅛	+0⅛	+3⅛	8.90
Australia 8½ 88	20	84	85½	−0⅛	+0½	9.31
EIB 7⅛ 89	12	92	93⅜	+0⅛	+2⅞	8.90
Finland 5.6 83	10	89⅞	90⅞	+0⅛	+3⅛	8.85
Finland 6.8 88	10	85⅛	86⅛	−0⅛	+2⅛	9.45

Average price changes... On day 0 on week +2⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10⅝ 86 C$	60	92⅞	93⅛	+0⅛	+5⅛	12.33
CIBC 13½ 85 C$	50	102⅛	102⅝	—	—	12.79
Cr. Foncier 10⅝ 84 C$	30	89	89⅝	−0⅛	+2⅝	13.74
Fst. Can. Inv. 10 84 C$	50	91⅛	92⅛	+0⅛	+4	12.66
Hudson Bay 10½ 80 C$	60	90⅝	91⅛	−1⅛	+4⅝	12.20
Quebec 10⅛ 86 C$	50	93	95	+2⅛	+6	11.70
R. Bk. Canada 10 86 C$	40	91	91½	+0⅛	+4⅛	12.13
R. Bk. Canada 10 94 C$	40	88⅞	89⅝	+0⅛	+7⅝	11.61
Tordom Cpn. 13½ 85 C$	30	102½	103	0	+0⅝	12.72
Copenhagen 8⅞ 91 EUA	20	93	94	0	+0⅞	9.71
M. Bk. Dnmk. 9 91 EUA	25	93⅛	95	+0⅛	0	9.82
SOFTE 8⅛ 89 EUA	40	83	84	0	0	11.27
U. Bk. Nrwy. 9½ 90 EUA	18	96⅞	98⅛	+0⅛	+0⅛	9.90
Algemene Bk. 8⅛ 84 Fl	75	97⅞	98	0	+1⅛	8.87
Ned. Gasunie 8⅝ 84 Fl	50	98⅛	99⅛	−0⅛	+2⅛	9.07
Ned. Middbk. 8⅝ 84 Fl	75	96	98½	+0⅝	+1	9.44
Norway 8⅝ 84 Fl	100	96⅛	97⅝	+0⅛	+1⅛	9.20
Norway 8⅛ 84 Fl	100	96⅛	97⅛	+0⅛	+1⅞	9.09
Philips Lamps 8⅛ 84 Fl	75	95⅝	96⅛	0	+0⅝	9.56
Air France 11 84 FFr ...	120	94	95	0	+0⅝	12.88
CECA 14⅛ 86 FFr	150	103⅞	103⅞	0	+0⅛	13.33
Euratom 9⅝ 87 FFr	150	83⅞	84⅜	0	+0⅛	13.32
Finland 11 84 FFr	80	93⅝	94⅞	0	+0⅛	12.73
Finland 11½ 89 FFr	70	90⅛	91½	0	+1	13.22
Gaz de France 11 84 FFr	150	94	94⅛	0	+0⅝	12.68
IBM France 11⅞ 84 FFr	120	95½	96⅛	+0⅛	+1½	13.07
Renault 9⅝ 85 FFr	100	84½	85½	−0⅛	−0⅛	13.87
Saint-Gobain 9⅛ 86 FFr	130	84½	84⅞	+0⅛	+0½	13.70
Solvay et Cie 9⅞ 87 FFr	125	81⅝	82⅝	0	+0⅝	13.92
Citicorp O/S 13½ 90 £	50	95⅞	96⅛	+0⅛	+2½	14.20
EIB 11½ 91 £	25	87	87⅝	−0⅛	0	13.77
Finance for Ind. 13 91 £	15	95⅛	96	+0⅛	+3	13.78
Fin. for Ind. 12½ 89 £...	30	93⅞	94⅜	+0⅛	+5⅝	13.62
Fin. for Ind. 14½ 88 £	20	100⅛	100⅞	−0⅛	+2	14.36
Gen. Elec. Co. 12½ 89 £	50	94⅛	95	0	+4	13.58
Swed. Exp. Cr. 15⅛ 85 £	20	101⅝	102⅛	+0⅛	+2⅝	14.63
Indonesia 8⅛ 91 KD ...	7	†93	93½	0	0	9.76
Mitsubishi 7½ 84 KD ...	10	†91⅛	92⅛	0	+2	9.57
Norges Kom. 7½ 89 KD	12	†93⅛	93⅞	0	0	8.54
Occidental 8⅞ 91 KD ...	7	†90⅛	90⅝	0	0	9.89
Akzo 9⅛ 87 LuxFr	500	92⅛	93⅛	0	+2	10.69
Euratom 8 87 LuxFr ...	500	87½	88½	+1⅛	+1⅛	10.53
Euratom 9⅛ 88 LuxFr ...	500	98½	99½	+0½	+1⅛	9.92
EIB 9⅝ 88 LuxFr	600	97½	98½	0	+0⅞	10.12
Volvo 9⅛ 87 LuxFr	500	97⅝	98⅛	+0⅛	+1⅛	10.07

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5⅛ 87...	0⅛	97⅜	98⅛	2/7	15⅛	15.43
Banco di Roma Int. 6 87	0⅛	99⅜	99⅞	26/10	15.31	15.37
Bank of Ireland 5⅛ 89...	‡0⅛	98⅛	98⅝	21/5	18⅝	18.37
Bank of Tokyo 5⅛ 89 ...	‡0⅛	97⅞	98⅜	25/10	18.56	18.88
Barclays O/S Inv. 5 90	0⅛	97⅝	98⅛	13/6	14⅛	14.52
Bergen Bk. A/S 6 89 ...	‡0⅛	97⅛	97⅝	29/5	17⅛	17.72
Bque. Indo Suez 5⅛ 89	0⅛	98⅝	99⅛	11/7	14.69	14.86
Citicorp O/S F. 6 94 ...	‡0⅛	99⅛	99⅝	8/6	18.81	18.91
Citicorp O/S F. 83	§‡0	99⅜	99⅞	23/5	16.06	16.12
Citicorp O/S F. 94	‡0	99	99½	30/5	16.94	17.07
C. Itoh 5⅛ 87	0⅛	101	101½	18/9	19.44	19.20
Co-operative Bk. 6 86...	0⅝	97½	98	15/5	18.08	18.41
Creditanstalt 5½ 91	§‡0⅛	99⅛	99⅝	14/8	18.44	18.53
CNT 5⅛ 86	§0⅛	100⅝	101⅛	16/10	18⅛	17.92
GZB 5½ 89	‡0⅛	98⅝	99⅛	1/8	15⅛	15.42
Jugobanka 6 89	0⅞	92⅝	93⅛	23/5	16	17.25
Ind. Bank Japan 5⅛ 87	0⅛	100⅜	100⅞	15/10	18⅝	18.63
LTCB Japan 5⅛ 86	0⅛	98⅛	98⅝	13/6	14⅛	14.49
LTCB Japan 5½ 89	0⅛	97⅜	98⅛	7/8	14.19	14.50
Mtrs. Han. O/S 5⅛ 94...	‡0⅛	98⅞	99⅜	30/5	17⅛	17.28
Midland Intl. Fin. 5 89	0⅛	99⅜	99⅞	20/6	15	15.06
Nacional Fin. 6⅛ 88 ...	0⅛	98½	99	25/7	14.69	14.87
Nat. West. 5⅛ 94	§0⅛	101½	101⅝	11/10	18⅝	18.37
Nippon Credit 6⅛ 88 ...	0⅛	97⅝	98⅛	12/7	14.44	14.75
Nippon Credit 5⅛ 87 ...	‡0⅛	97⅜	97⅞	6/8	14⅜	14.72
Royal Bk. Scot. 5⅛ 94...	§‡0⅛	99⅝	100⅛	11/7	19⅝	19.52
Soc. C. de Bque. 6½ 87	0⅛	101⅛	101⅝	3/10	20.06	19.77
Sogenal 5⅛ 89	§0⅛	97⅜	97⅞	13/7	14.44	14.79
Standard Chart. 5⅛ 90...	0⅛	100⅜	100⅞	6/9	17⅛	17.14
Sweden 8⅛ 91	‡0⅛	†97½	98	18/10	18⅝	19.05
TVO Pwr. 9 91 (D-lock)	0⅛	†96⅛	96⅝	24/5	15.31	15.87
Williams & Glyn 5⅛ 91	0⅛	100⅛	100⅝	14/6	18½	18.43
Bq. E. d'Alg. 4⅛ 89 SF	0⅛	86½	87	18/6	6.89	7.78

Average price changes... On day −0⅛ on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'boleg 7⅛ 89...	10/79	145*	†119	120	−1	−3.82
Ajinomoto 7⅛ 95	2/80	618	96⅛	97⅛	+1⅛	−2.35
Alco Int. Fin. 9⅛ 94 ...	1/80	40	†91½	93	0	35.41
Asahi Optical 7 94	11/79	605	†97	98	+0⅛	12.74
Canon 6⅛ 94	8/79	570	104	105	+0⅛	−3.45
Ciba-Geigy O/S F. 4 94	9/79	675	†77	79	+1½	6.48
Credit Suisse 4⅛ 93	10/79	1325	101⅛	103⅛	−0⅛	5.90
Daiei Inc. 6½ 94	11/79	1020	96⅛	97⅛	+0⅛	38.78
DDKK 11 90	4/80	324	†108	109	+0⅛	−0.52
Enserch Fin. 9½ 94	7/80	30.25	†104½	105½	−1⅛	9.55
LPC Internatnl. 8 89 ...	9/79	23.33	†94	95½	−1	32.92
Meidensha Elec. 7 94..	12/79	210	†96⅛	97⅛	+1½	11.45
Mitsubishi Cp. 6½ 94...	10/79	604	123½	125	−0⅛	9.74
Nippon Seiko 7⅛ 94 ...	12/79	339	†106	107	+0½	−1.49
Nitto Elec. Ind. 6 94 ...	7/79	736	†75½	77	−0⅛	0.83
Toshiba Cpn. 7⅛ 94 ...	10/79	198	97	98	+0⅛	−1.68
Union Bk. Switz. 5 89...	2/80	125	93⅛	95⅛	0	2.99
Fujitsu 5 84 DM	7/79	475	98⅛	99½	+0⅛	8.82
Kansai Elec. 4 84 DM...	4/79	1234	87⅛	88⅛	+0⅛	44.07
Tokyu Ld. Cp. 4 86 DM	4/79	493	77⅛	78⅛	0	41.90
Uny Co. 6½ 86 DM	11/79	1071	92⅛	93⅛	+0⅛	44.42

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

هكذا من الأصل

Strong recovery at Conti Gummi

By Roger Boyes in Bonn

CONTINENTAL Gummiwerke, the largest West German tyre maker, has staged a strong recovery after several lean years, pushing up net profits from DM 3.8m in 1978 to DM 10.9m ($6.06m) last year.

Group profits, including the recently acquired European tyre division of Uniroyal, reached DM 23.1m. The improved earnings will partly be carried forward and partly go towards boosting reserves. It is clear that, for the eighth year running, Conti Gummi has no intention of resuming dividend payouts. Some DM 6.6m of the balance sheet profit of DM 9.3m will go towards the free reserves.

Turnover rose last year by 29 per cent to DM 2.6bn, although much of the increase came from the Uniroyal purchase. A significant contribution to sales and earnings growth, however, was made by the tyre-making sector and the rubber products division.

Tyre sales were especially boosted by demand for domestic spare tyres and for tyres for new cars produced overseas. The group has also benefited from the German motor boom which is now showing signs of cooling off.

But the fundamental world problems which pulled Conti Gummi's profits down from DM 20.2m in 1977 to DM 3.8m in 1978 are still dogging the company. There is, for example, tough competition from imports, a world over-capacity on the tyre market

First quarter earnings and sales surge at BASF

BY KEVIN DONE IN LUDWIGSHOFEN

BASF of West German, one of the world's largest chemicals companies, has started 1980 with a continued strong growth in profits and sales, but the first signs are emerging of weakening demand, particularly in the some market.

BASF, which out-performed its major domestic rivals Hoechst and Bayer last year, increased its sales worldwide in the first quarter by 21 per cent to DM 7.3bn ($4.03bn) compared with DM 6.1bn in the same period of 1979.

Group pre-tax profits rose by 18.1 per cent to DM 489m compared with DM 414m in the first three months of 1979, and the pre-tax profits of the parent company jumped by 29.3 per cent to DM 256m.

The further improvement in profitability is being maintained because the strong demand means that plants are still running at a high level of capacity, but Professor Matthias Seefelder, chief executive of BASF warned that in March the volume of domestic sales fell below last year's level.

BASF is still forecasting a growth in group sales this year of some 13 per cent, however, against 20.4 per cent in 1979, with the parent company, expanding sales by some 10 per cent.

Particularly in the some market, however, the higher value of sales is being sustained by price rises rather than higher volumes. For 1980 as a whole Professor Seefelder said he expected the volume of parent company sales to rise by only 2 per cent with price increases adding an extra 8 per cent.

The dramatic rise in oil prices last year meant that BASF had to meet DM 1.2bn in extra costs on its bill for purchased oil and petrochemicals products. The bill would rise by a further DM 500m this year, said Professor Seefelder.

The strong U.S. dollar added in particular to costs in BASF's *oil refining* activities in the first three months. This area would have operated at a loss in April, but for the sudden weakening of the dollar again since Easter.

The group's performance in the first quarter has been marked particularly by strong demand for agrochemicals and fetilisers and new pesticides markets opening up in the UK and Italy.

BASF is having particular difficulties in implementing new price increases for plastics materials. Foreign competitors from the U.S. and elsewhere are offering stiff competition.

Business in the U.S., where BASF now has about 1 per cent of the U.S. chemicals market, is still satisfactory.

Sales in North America last year rose by 17.9 per cent to DM 2.9bn and accounted for 11.3 per cent of total group turnover. Some 66 per cent of group turnover was in member countries of the EEC, where sales rose by 19.3 per cent to DM 17bn, while sales to other European countries rose by 41.8 per cent to DM 2.1bn.

The biggest sales increase by value last year was in plastics, which rose by 37.8 per cent to DM 4.7bn (18.2 per cent of total turnover).

The planned changes to BASF's management structure are still incomplete, but it is clear that the present four product divisions will be split into 8 different sectors. A new division will be formed for Raw Materials and Energy, to emphasise BASF's determination to increase its stake in exploration for and development of energy resources, in particular oil and gas.

Peugeot moves ahead sharply

BY TERRY DODSWORTH IN PARIS

THE DEPENDENCE of the PSA motor group on the performance of Peugeot, one of its three production arms, was underscored yesterday in figures which showed a 23 per cent rise in profits to FFr 793m *($187.5m)* at the French vehicle manufacturer last year.

Peugeot's buoyancy contrasts sharply with the sluggish trend in the figures from Citroën, one of the other parts of the PSA group, which only last week reported a fall in profits during 1979 from FFr 597m to FFr 202m. The third division in the organisation, Talbot, ran up losses in the region of FFr 580m according to preliminary figures.

Peugeot is generally reckoned to be the most conservatively managed of the French motor manufacturers, and it was mainly due to its financial strength that it emerged as the central force around which the private interests in the French industry grouped themselves to form PSA.

Its performance last year was only due to a limited extent to the improvement in the French market, which hit record heights last year. Peugoet's sales went up by only 1.3 per cent from 849,000 vehicles compared to 860,000.

By contrast, turnover rose by 15.8 per cent from FFr 21.3bn to FFr 24.7bn, while profits rose even more strongly from FFr 647m to FFr 793m.

The company says that this rise was due to two main factors —the lifting of price controls in France and the renewal of its vehicle range.

The first of these factors has been behind a widespread improvement in industrial profits during the 1979 financial year, as many companies have moved to increase prices which are said to have been artificially restrained in previous years.

Peugeot's introduction of the 505 and 305 models has also given it greater flexibility in its prices while providing the opportunity to sell more higher priced products compared with the previous year. The 505, one of the company's top-of-the-range vehicles, had a particularly good year while the mid-range 305 was being sold for a significantly higher price than the older 304 which it replaces.

Skanska in $25m U.S. offer

BY VICTOR KAYFETZ IN STOCKHOLM

SKANSKA CEMENT, Sweden's largest construction company, plans to expand its North American operations in a deal with Alpha Portland Industries of the U.S.

It is to offer $25m for Slatterys, a contracting subsidiary of Alpha. The purchase will be implemented jointly with the existing management of Slatterys, a company which has an annual turnover of around SKr 500m ($120m.)

Mr. Birger Löwhagen, head of Skanska's foreign operations, said in Stockholm yesterday that the size of his company's proposed stake in Slatterys was still under discussion but would probably be less than 50 per cent. The two companies have worked together on the Washington, D.C. underground and other construction projects.

Alpha is one of the leading producers of cement in the U.S., primarily serving markets in the eastern half of the country. It also produces aggregates and is involved in heavy construction.

Skanska recently brought a 48 per cent stake in another North American construction firm, Canadian Foundation, whose turnover is about the same as that of Slatterys. Mr. Löwhagen has taken a seat on the board of the Canadian company.

In his annual report, Skanska forecasts that its earnings in 1980 will exceed the 1979 pre-tax profit of Sk 436m. The expected rise will be due to higher operating earnings abroad, a growing surplus from financial items and improved earnings from administration of real property. Skanska is one of Sweden's biggest private property owners.

Holland America back to profit and dividends

BY WILLIAM HALL, SHIPPING CORRESPONDENT

HOLLAND AMERICA Line, the Dutch passenger shipping company that ran into serious financial difficulties in the mid-*1970's, has swung back into* profit and intends to pay its first dividend since 1972.

Last year the group, which operates primarily out of North America, made a $7.8m operating profit compared with a $2.6m loss in 1978. At the net level, profits amounted to $6m in 1979 cmpared with a $4.4m lss the previous year. Group turnover rose by 16 per cent and a $5 per share dividend has been declared.

Holland America, which *operates five cruise ships* and has a variety of other interests, lost a total of $18.6m in 1977 and 1978. In 1974 it sold off a large part of its shipping interests to the Swedish Brostrom group for Fls 240m (120m).

In 1977 the group was reorganised. A holding company was established in the Netherlands Antilles, and a trust company in Bermuda and the management headquarters was moved to Stamford, Connecticut.

The reorganisation now appears to be paying off. Despite sharply higher fuel costs the cruising operations showed *much* better results in 1979.

* * *

THE U.S. PAPER group Crown Zellerbach has assigned a senior executive to sort out the problems of its loss-making Dutch subsidiary, Van Gelder Papier. Mr. E. A. Mitchell, the president and chief executive of Crown Zellerbach International and a Board member of Crown Zellerbach, has been temporarily placed in charge of the Dutch company, in which it has a 50 per cent stake.

Van Gelder last year announced it would delay the repayment of an outstanding Fl 50m ($25m) loan to enable it to finance its restructuring programme, prompting criticism in the Netherlands of Crown Zellerbach for not providing financial support.

The company has now solved the technical problems which were hampering production at two new paper-making plants in the Netherlands.

Advance at CIT-Alcatel

By Our Paris Staff

CIT-ALCATEL, the telecommunications and electronics subsidiary of the French CGE electrical group, pushed up net profits last year by almost 22 per cent from FFr 96m ($22.3m) to FFr 117m.

Although turnover figures have not so far been released, this result was reached after charging depreciation of FFr 156m against FFr 151m in 1978, and taking into account FFr 21m for the sale of assets compared with FFr 3.5m.

CIT, which had sales of *FFr 3.4bn in 1978*, has been expanding quickly again this year.

Horten pays more

Germany's fourth largest department store group Horten reports increased profits for 1979 and plans to lift its dividend, writes our financial staff. Profits last year recovered sharply, rising by around one-third to DM 20m ($11.05m) from DM 15m in 1979. The dividend is going up to DM 4 a share from DM 3.

Swedish shipping line sees lower loss

BY OUR STOCKHOLM CORRESPONDENT

BROSTROM, the troubled Swedish shipping group which plans to dispose of Hoverlloyd, its UK based ferry company, expects reduced losses for 1980.

In 1979 Brostrom cut its deficit at the pre-tax level to SKr 100m ($23.6m) from SKr 227m. This year heavy financial charges will continue to offset actual operating profits, but the overall loss will be smaller.

Agreement has been reached with creditors in Holland concerning the Dutch subsidiary Incotrans, 'which given current forecasts ought to make this company independent of addition support from Sweden."

Last month Brostrom handed over to *Norway's Wilh.* Wilhelmsen its stake in Scanmel, an arrangement by which the two companies had operated joint container and other cargo traffic in the Middle East. Scanmel had been losing money since 1978.

During 1979 Brostrom cut its own fleet, excluding marine service vessels and hovercraft, from 34 ships totalling 842,000 DWT to 31 units totalling 615,000 DWT.

Sale of part of Brostrom's share portfolio to help finance investment programmes included disposal of a stake in Sesan Line. This step had "strategic importance' in making possible expanded collaboration with other Swedish shipping interests.

ALFA-LAVAL, the Swedish-based manufacturer of farm, dairy, food processing and industrial equipment, recorded a 12 per cent rise in orders during the first quarter compared *with January-March 1979* and a 25 per cent increase in deliveries, Dr. Hans Stahle, managing director, said.

Last month's forecast of higher earnings for 1980 when pre-tax profit stood at SKr 391m ($93m) on turnover of SKr 5.49bn remains unchanged, he said.

The anual meeting approved the proposed dividend of SKr 6 per share or SKr 50m total and a one-for-four bonus issue *adding* SKr 104m to the share capital.

هكذا من الأصل

British Steel may sell Tubemakers stake to Sumitomo

BY JAMES FORTH IN SYDNEY

THE FOREIGN Investment Review Board and the Australian stock exchanges are likely to agree to the Japanese group Sumitomo purchasing a probable 26 per cent stake in the steel pipe group, Tubemakers of Australia from the British Steel Corporation.

Sumitomo Metal Industries and Sumitomo Corporation yesterday told the Tubemakers board that they were negotiating to buy a substantial part of BSC's 28.75 per cent equity.

It is understood that Sumitomo Metal is likely to take a 20 per cent interest and Sumitomo Corporation 6 per cent at A$1.60 a share which would cost about A$40m (U.S.$45m).

Mr. K. Etoh, managing director of Sumitomo Australia, said that a Japanese delegation last week approached the Australian authorities, including the FIRB, and the stock exchanges and received "favourable responses."

Under stock exchange requirements a takeover bid is triggered once a buyer reaches 20 per cent of a company's capital, but the exchanges can grant a waiver.

The requirement for the bid to stand in the market for one month or to extend a full bid might be waived because the major shareholder, Broken Hill Pty, was "not unhapy" and the price was very close to market.

If the deal goes through BSC would be left with 2.75 per cent of Tubemakers. In 1974, BHP bought a 6.2 per cent stake in Tubemakers from BSC for A$6.92m or A$1.40 a share.

In March this year Tube Investments of the UK sold its 15 per cent stake in Tubemakers to Australian institutions for A$18m. BHP bought a small portion, lifting its holding in Tubemakers from 43.75 per cent to 45.75 per cent.

The Sumitomo deal would be the first of a series planned by BSC to hive-off its overseas assets, Roy Hodson adds in London.

Sir Charles Villiers, BSC's chairman, recently travelled to Australia, New Zealand and India, and held talks about the possible disposal of corporation assets as a means of helping offset BSC's expected £450m-a-year-plus losses this year and next year.

Mr. Ian MacGregor, who is to take over from Sir Charles on July 1, has said that he will examine all plants for the sale corporation assets. He may modify Sir Charles' hiving-off strategy if investments overseas show promise of providing a good cash flow in the future.

BSC's total overseas assets—may inherited from the companies nationalised in 1967—are valued at nearly £150m and last year earned a pre-tax profit of £14.2m.

Gain for NZ Forest Products

MELBOURNE—NZ Forest Products of New Zeaand had net profit of NZ$29.2m (U.S.$28.35m) for the year ending March 31, up 27.5 per cent from NZ$22.9m a year earlier. Sales rose 22.6 per cent to NZ$411.5m (U.S.$400m) from NZ$335.5m

A final dividend of 10 cents gives a full-year payout of 18.5 cents a share against 15.5 cents a year earier.

The company estimates that a strike at its Kinleith pulp and paper mills, from January to March this year cut net profit by about NZ$13m while the sales value of lost production was NZ$51m.

Demand for all products except building materials remains high and the company hopes business will return in the current financial year to pre-strike levels.

Reuter

Advance at Cross Harbour Tunnel

By Philip Bowring in Hong Kong

THE HONG KONG Cross Harbour Tunnel Company had net profit of HK$ 124.5m (US$ 25.4m) in the year ended March 31 compared with HK$ 109.9m the previous year. A final dividend of 30 cents was declared making a total of 90 cents, an increase of 10 cents. For the current year the company expects to pay three interim dividends of 22.5 cents and a final of not less than that.

The major shareholders in the company, the sole activity of which is indicated by its name, are the Hong Kong Government, Hongkong and Shanghai Banking Corporation, Hutchison Whampoa and Wheelock Marden.

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LIU CHONG Hing Investment Limited, the Hong Kong financial and property investment group, increased net attributable profit for the year ending December 1979 by 31 per cent to HK$ 46m (US$ 9.4m).

SAMURAI BONDS

Cloud over Brazil issue

BY RICHARD C. HANSON IN TOKYO

AMID the strongest recovery in bond prices seen in Japan in some time, a storm may be brewing over the advisability of allowing Brazil to issue its seventh Samurai bond in Tokyo next month. At the same time, official concern over that country as a credit risk is being conveyed to private banks with large Brazilian loan exposures.

The issue came into sharper focus on Friday, when it was learned that most of the high-quality borrowers in the Samurai market, scheduled over the next few weeks, were dropping out. The Asian Development Bank joined New Zealand and Norway in informing underwriters they would not issue as planned.

For June this leaves only Brazil and Thailand on the schedule making some market participants unhappy. "If the Finance Ministry tells Japanese bankers they should not increase their loan exposure, then why would it be safe to allow the investing public to buy Brazilian bonds?" queries one banker.

There was apparently some thought of turning the Brazilian issue, for Y20bn (equivalent to around $85m) into a sort of semi-private arrangement. This would have been awkward, however. The authorities consider the problems of bank exposure and the Brazilian bond to be quite separate. They argue that if Brazil resorts to a re-scheduling its debt, bonds would not necessarily be involved. Unspoken, though important, is also the fact that it would be diplomatically problematic to keep Brazil out of the bond market as some in Tokyo suggest should be done, because of economic ties.

The Samurai bond market is being left to those countries which tend ot borrow as much as they can regardless of the cost, precisely because those who can afford to wait are waiting for better terms. This is the case for ADB and New Zealand, and a number of others which have contemplated issues later towards the autumn. At present, the schedule for July has only one borrower, the European Investment Bank for Y20bn, and that for August, the World Bank.

The reason borrowers feel they may get better terms if they wait is that the Tokyo market has followed the rapid change in interest rates flowing from the sudden shifts in conditions in the U.S. In the earliest part of April, the secondary market yields on Japanese long-term Government bonds were up to around 13 per cent. They have since declined to around 10 per cent, or just about the level of last February.

When bond prices were at their lowest, the Government moved in to sop up excess national bonds through a special fund created for that purpose, buying in about Y200-300bn. The major reasons for the present steady tone to the market, however, seems to be some easing of selling pressure on hte bond market from the City banks, which absorb a heavy amount of the Government debt.

The banks have not had to sell as much of their bond holdings as they might (at big losses) to fund their lending operations, in part because of a sharp increase in deposits from elsewhere. The most striking increase has been in "free yen" deposits, which are said to have risen the equivalent of more than $3bn over the past two months to 7.6bn. This reflects the Ministry of Finance yen defence package, announced on March 2, which allowed Japanese banks to bring in inter-office free yen from overseas, and which freed the interest rates on free yen deposits by foreign central banks and Governments and other official international organisations. More capital is now flowing into Japan than out.

The yen defence package itself (helped by the sharp drop in U.S. interest rates) has been successful with a strengthening yen adding to the attraction of investing in Japanese securities.

It is not known how long the banks will hold off on selling National bonds, which is part of the reason most observers do not expect the pace of bond interest rate declines to continue. The postponements by borrowers of late indicates that many areb etting on at least some further easing of terms. But veterans of the past year are warily looking over their shoulders at the Y13,000bn plus in bonds the Government has to sell this year, and wondering how long the market's improvement will last.

Strong increase by Saudi Arabian bank in 1979

BY MARY FRINGS IN BAHRAIN

National Commercial Bank of Saudi Arabia, which has 70 branches in the Kingdom and offices in Beirut, Bahrain, Frankfurt, London and Singapore, has announced a profit of SR 600m ($180m) for the financial year to November 1979, against SR 300m the previous year.

The manager of the Bahrain offshore banking unit, Mr. Murad Ali Murad, says this is almost double the previous year's profit, and attributes the increase to higher loan demand in Saudi Arabia, and to earnings from foreign exchange business.

NCB continues to be the largest Arab as well as the largest Middle Eastern, Bank, capital and reserves have been increased from SR 679m to SR 1.14bn ($340m), and the the balance sheet total from SR 33bn to SR 44bn ($13bn). Assets, excluding contra accounts, rose from SR 20bn to SR 26bn ($7.8bn).

In Bahrain, Mr. Murad says that Saudi National Commercial Bank is growing at a much faster pace than the market generally. It had established a leading role in Saudi riyal deposits and in spot dollar-riyal dealings, and had lately been highly active in spot European currencies.

Ovenstone profits up despite lower sales

BY JIM JONES IN JOHANNESBURG

OVENSTONE INVESTMENTS, the Cape Town based concern which has interests in off-shore fishing, property and construction, increased its pre-tax profit to R3.56m ($4.3m) in the year to February 19, from R2.84m the previous year, helped by a reorganisation of the group's structure which resulted in different accounting.

However, turnover fell to R27.6m ($34.5m) from R39.6m. Following a rights issue in August, the number of ordinary shares in issue increased from 14.9m to 49.3m, which was partly responsible for a drop in earnings per share from 9.42 cents in the 1979 fiscal year to 7.27 cents in fiscal 1980. Total dividends per share were unchanged at 3 cents.

The directors report that the improved profits arose from better contributions from fishing and property activities.

CURRENCIES, MONEY and GOLD

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on May 12, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (cn) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	100.0
Albania	Lek	10.05
Algeria	Dinar	8.7380
Andorra	French Franc	9.5625
	Spanish Peseta	161.95
Angola	Kwanza	62.686
Antigua (S)	E. Caribbean $	6.15
Argentina	Ar. Peso Free Rate	4,092
Australia (S)	Australian $	2.0200
Austria	Schilling	29.175
Azores	Portug. Escudo	112.55
Bahamas (S)	Ba. Dollar	2.2815
Bahrain (S)	Dinar	0.854
Balearic Isles	Spa. Peseta	161.95
Bangladesh (S)	Taka	34.52
Barbados (S)	Babados $††	4.5630
Belgium	B. Franc	(cm) 65.75
		(fn) 67.25
Belize	B $	4.5630
Benin	C.F.A. Franc	478.125
Bermuda (S)	Bda $	2.2815
Bhutan	Indian Rupee	18.00
Bolivia	Bolivian Peso	57.00
Botswana (S)	Pula	1.7900
Brazil	Cruzeiro ‡‡	110.62
Brit. Virgin Isles (S)	U.S. $	2.2815
Brunei (S)	Brunei $	4.9275
Bulgaria	Lev	1.9590
Burma	Kyat	15.55
Burundi	Burundi Franc	204.245
Cameroon Repub'c	C.F.A. Franc	478.125
Canada	Canadian $	2.6880
Canary Islands	Spanish Peseta	161.95
Cape Verde Isle	Cape V. Escudo	83.25
Cayman Islands (S)	Cay. Is. $	1.9010
Cent. Af. Repub.	C.F.A. Franc	478.125
Chad	C.F.A. Franc	478.125
Chile	C. Peso	(Bk) 88.25
China	Renminbi Yuan	3.4090
Colombia	C. Peso	(F) 103.96
Comoro Islands	C.F.A. Franc	478.125
Congo (Brazaville)	C.F.A. Franc	478.125
Costa Rica	Colon	19.60
Cuba	Cuban Peso	1.5992
Cyprus (S)	Cyprus £	0.8070
Czechoslovakia	Koruna	(com) 12.20
		n/c 24.28
		(T) 20.48
Denmark	Danish Krone	12.8025
Djibouti	Fr.	380.0 (sg)
Dominica (S)	E. Caribbean $	6.15
Dominican Repub	Dominican Peso	2.2815
Ecuador	Sucre	(O) 57.17
		(F) 63.72
Egypt	Egyptian £	(U) 1.596
Equatorial Guinea	Peseta	161.95
Ethiopia	Ethiopian Birr	(P) 4.6750
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	12.8025
Fiji Islands	Fiji $	1.8875
Finland	Markka	8.46625
France	French Franc	9.5625
French C'tyin Af*	C.F.A. Franc	478.125
French Guiana	Local Franc	9.5625
French Pacific Is.	C.F.P. Franc	173.5
Gabon	C.F.A. Franc	478.125
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.09
Germany (West)	Deutsche Mark	4.09
Ghana (S)	Cedi	6.28
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	97.9855

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	12.8025
Grenada (S)	E. Caribbean $	6.15
Guadaloupe	Local Franc	9.5625
Guam	U.S. $	2.2815
Guatemala	Quetzal	2.2815
Guinea Republic	Sily	43.10
Guinea Bissau	Peso	76.85
Guyana (S)	Guyanese $	5.8180
Haiti	Gourd	11.40
Honduras Repub.	Lempira	4.5800
Hong Kong (S)	H.K. $	11.135
Hungary	Forint	(com) 73.4284
		(T/nc) 48.8718
Iceland (S)	I. Krona	915.0
India (S)	Ind. Rupee	18.00
Indonesia	Rupiah	1,425.0
Iran	Rial	n/a
Iraq	Iraq Dinar	0.67088
Irish Republic (k)	Irish £	1.1025
Israel	Shekel	10.0685
Italy	Lira	1,932.0
Ivory Coast	C.F.A. Franc	478.125
Jamaica (S)	Jamaica Dollar	4.0690
Japan	Yen	517.0
Jordan (S)	Jordan Dinar	0.673 (sg)
Kampuchea	Riel	2,737.8
Kenya (S)	Kenya Shilling	16.875
Kiribati	Australian $	2.0200
Korea (Nth)	Won	1.9875 (ll)
Korea (Sth)	Won	1,347.21
Kuwait	Kuwait Dinar	0.616
Laos	Kip Pot Po	912.0
Lebanon	Lebanese £	7.7635
Lesotho	Loti	1.8086
Liberia	Liberian $	2.2815
Libya	Libyan Dinar	0.6755
Liechtenstein	Swiss Franc	3.79
Luxembourg	Lux Franc	65.75
Macao	Pataca	12.10
Madeira	Portug'se Escudo	112.55
Malagasy Republic	MG Franc	478.125
Malawi (S)	Kwacha	1.85
Malaysia (S)	Ringgit	4.9975
Maldive Islands (S)	Mal Rupee	8.9605
Mali Republic	Mali Franc	956.25
Malta (S)	Maltese £	0.791
Martinique	Local Franc	9.5625
Mauritania	Ouguiya †	95.20
Mauritius (S)	M. Rupee	17.45
Mexico	Mexican Peso	52.15
Miquelon	C.F.A. Franc	478.125
Monaco	French Franc	9.5625
Mongolia	Tugrik	(o) 6,185 (ll)
Monserrat	E. Caribbean $	6.15
Morocco	Dirham	8.76 (sg)
Mozambique	Moz. Escudo	65.10
Nauru	Australian Dollar	2.0200
Nepal	Nepalese Rupee	27.35
Netherlands	Guilder	4.50
Netherland Antilles	Antillian Guilder	4.0840
New Hebrides	Franc.	154.5
	Aust. Dollar	2.0200
New Zealand (S)	N. Z. Dollar	2.3375
Nicaragua	Cordoba	22.80
Niger Republic	C. F. A. Franc	478.125
Nigeria (S)	Naira	1.267479 (sg)
Norway	Norway Krone	11.24
Oman Sul'ate of (S)	Rial Omani	0.788
Pakistan	Pakistan Rupee	22.50
Panama	Balboa	2.2815
Papua N. Guinea (S)	Kina	1.5440
Paraguay	Guarani	284.54

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peru	Sol	exc(A) 613.61
Philippines	Philippine Peso	16.64
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.3375
Poland	Zloty	(Cm) 69.36
		(T) 69.36
Portugal	Portugu'se Escudo	112.55
Port Timor	Timor Escudo	112.55
Puerto Rico	U.S. $	2.2815
Qatar (S)	Qatar Ryal	8.36
Reunion Ile de la	French Franc	9.5625
Romania	Leu	(Cm) 9.35
		(n.c) T25.64
Rwanda	Rwanda Franc	208.21
St. Christopher (S)	E. Caribbean $	6.15
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.15
St. Pierre	Local Franc	9.5625
St. Vincent (S)	E. Caribbean $	6.15
Salvador El	Colon	5.70
Samoa American	U.S. $	2.2815
San Marino	Italian Lire	1,932.0
Sao To'e & Principe	Dobra	79.10
Saudi Arabia	Ryal	7.57
Senegal	C.F.A. Franc	478.125
Seychelles	S. Rupee	14.40 (SG)
Sierre Leone (S)	Leone	2.4015
Singapore (S)	Singapore $	4.9275
Solomon Islands (S)	Solomon Is. $	1.9050
Somali Republic	Somali Shilling	(A) 13.75
South Africa (S)	Rand	1.8085
South West African Territories (S)	S. A. Rand	1.8085
Spain	Peseta	161.95
Spanish ports in North Africa	Peseta	161.95
Sri Lanka (S)	S. L. Rupee	36.20
Sudan Republic	Sudan £ (1)	1.14
Sudan Republic	Sudan £ (2)	1.82
Surinam	S. Guilder	4.0840
Swaziland (S)	Lilangeni	1.8085
Sweden	S. Krona	9.645
Switzerland	Swiss Franc	3.79
Syria	Syria £	(A) 8.9515
Taiwan	New Taiwan	(P) 82.15
Tanzania (S)	Tan. Shilling	18.30
Thailand	Baht	46.35
Togo Republic	C.F.A. Franc	478.125
Tonga Islands (S)	Pa'anga	2.0200
Trinidad (S)	Trinidad & Tob. $	5.4755
Tunisia	Tunisian Dinar	0.913 (SG)
Turkey	Turkish Lira	169.40
Turks & Caicos	U.S. $	2.2815
Tuvalu	Australian $	2.0200
Uganda (S)	Uganda Shilling	16.85
United States	U.S. Dollar	2.2815
Uruguay	Uruguay Peso	(cm) 19.98
		(fn) 19.98
Utd. Arab Emirates	U.A.E. Dirham	8.46
U.S.S.R.	Rouble	1.4892
Upper Volta	C.F.A. Franc	478.125
Vatican	Italian Lire	1,932.0
Venezuela	Bolivar	9.79
Vietnam	Dong	(O) 4.9705
		(T) 4.8665 (‖)
Virgin Islands U.S.	U.S. Dollar	2.2815
Western Samoa (S)	Samoan Tala	2.1710
Yemen (Nth)	Ryal	10.30 (SG)
Yemen (Sth)	S. Yemen Dinar	(A) 0.7785
Yugoslavia	New Y Dinar	47.6205
Zaire Republic	Zaire	6.695108
Zambia	Kwacha	1.80
Zimbabwe	Zimbabwe $	1.4650

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 95.80. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (‖) Based on gross rates against Russian rouble. (1) Official rate for exports and imports. (2) Parallel rate for all transactions except specified exports and imports.

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol	Jan. Last	Stock
AKZ C	F.22.50	94	2.20	20	3.30	11	3.50	F.24.60
AKZ C	F.25	28	0.70	105	1.50	62	2	"
AKZ C	F.27.50	—	—	515	0.90	—	—	"
EK C	$50	—	—	20	4⅝	—	—	$50
FNC C	$20	—	—	10	2¾	—	—	$21⅛
HEI C	F.60	12	2.80	1	4.50	—	—	F.59
HEI C	F.65	2	1	—	—	—	—	"
HEN P	F.56	40	1.20	—	—	—	—	"
HO C	F.17.50	—	—	54	1.30	—	—	F.16.40
IBM C	$55	10	2¼	2	3⅞	—	—	$52⅝
IBM C	$60	—	—	10	2⅛	—	—	"
KLM C	F.70	42	1.10	—	—	—	—	F.68.30
KLM C	F.80	74	0.30	30	1	—	—	"
KLM P	F.60	—	—	5	5.90	—	—	"
NN C	F.110	—	—	1	9	—	—	F.117.60
NN C	F.115	2	4.10	—	—	—	—	"
NN C	F.120	6	1.60	—	—	—	—	"
PET C	Fr.6000	1	50	1	150	—	—	Fr.6010
PHI C	F.17.50	7	1.20	20	1.70	—	—	F.18.10
PHI C	F.20	—	—	20	0.80	23	1.10	"
PHI P	F.17.50	10	0.50	—	—	—	—	"
PHI P	F.20	14	2	—	—	3	2.60	"
PRD C	$20	—	—	1	5	—	—	$22⅝
RD C	F.150	3	4.30	—	—	—	—	F.151.30
RD C	F.160	25	1.60	65	3.60	11	6.20	"
RD C	F.170	90	0.50	84	1.60	—	—	"
RD P	F.140	15	2.10	—	—	—	—	"
RD P	F.145	—	—	3	7.60	—	—	"
RD P	F.150	—	—	2	11	—	—	"
T C	$50	—	—	1	4⅜	—	—	$52⅝
UNI C	F.110	40	3.80	—	—	—	—	F.111
UNI C	F.115	10	1.20	7	3.50	—	—	"
UNI C	F.120	20	0.60	—	—	—	—	"
UNI P	F.105	20	2.60	—	—	—	—	"
XRX C	$60	—	—	—	—	10	2¼	$49⅞
		May		Aug.		Nov.		
BA C	$35	—	—	2	2⅛	—	—	$33⅝
BA C	$40	—	—	—	—	10	2¼	"
BAZ C	$30	1	2⅞	—	—	—	—	"
OXY C	$30	—	—	5	⅝	—	—	$31⅝
SIE C	DM.240	4	27	—	—	—	—	DM266.80
SIE C	DM.260	4	7.50	—	—	—	—	"
SIE C	DM.270	1	1	—	—	—	—	"
SLB C	$110	—	—	1	6	—	—	$104¼
SLB C	$120	—	—	3	2⅛	—	—	"
VEB C	DM.170	—	—	5	0.70	—	—	DM139.30
		June		Sept.		Dec.		
GM C	$45	—	—	10	2	10	3⅜	$41⅝

TOTAL VOLUME IN CONTRACTS 1708

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	17 %
Allied Irish Bank	17 %
American Express Bk.	17 %
Amro Bank	17 %
Henry Ansbacher	17 %
A P Bank Ltd.	17 %
■ Arbuthnot Latham	17 %
Associates Cap. Corp.	17 %
Banco de Bilbao	17 %
Bank of Credit & Cmce.	17 %
Bank of Cyprus	17 %
Bank of N.S.W.	17 %
Banque Belge Ltd.	17 %
Banque du Rhone et de la Tamise S.A.	17½%
Barclays Bank	17 %
Bremar Holdings Ltd.	18 %
Brit. Bank of Mid. East	17 %
■ Brown Shipley	17 %
Canada Perm't Trust	18 %
Cayzer Ltd.	17 %
Cedar Holdings	17 %
■ Charterhouse Japhet	17 %
Choulartons	17 %
C. E. Coates	17 %
Consolidated Credits	17 %
Co-operative Bank	*17 %
Corinthian Secs	17 %
The Cyprus Popular Bk.	17 %
Duncan Lawrie	17 %
Eagil Trust	17 %
E. T. Trust Limited	17 %
First Nat. Fin. Corp.	19½%
First Nat. Secs. Ltd.	19 %
Robert Fraser	17 %
■ Antony Gibbs	17 %
Greyhound Guaranty	17 %
Grindlays Bank	‡17 %
■ Guinness Mahon	17 %
Hambros Bank	17 %
■ Hill Samuel	§17 %
C. Hoare & Co.	†17 %
Hongkong & Shanghai	17 %
Industrial Bk. of Scot.	17½%
Keyser Ullmann	17 %
Knowsley & Co. Ltd.	19 %
Langris Trust Ltd.	17 %
Lloyds Bank	17 %
Edward Manson & Co.	18 %
Midland Bank	17 %
■ Samuel Montagu	17 %
■ Morgan Grenfell	17 %
National Westminster	17 %
Norwich General Trust	17 %
P. S. Refson & Co.	17 %
Rossminster	17 %
Ryl. Bk. Canada (Ldn.)	17 %
Schlesinger Limited	17 %
E. S. Schwab	17 %
Security Trust Co. Ltd.	18 %
Standard Chartered	17 %
Trade Dev. Bank	17 %
Trustee Savings Bank	17 %
Twentieth Century Bk.	17 %
United Bank of Kuwait	17 %
Whiteaway Laidlaw	17½%
Williams & Glyn's	17 %
Wintrust Secs. Ltd.	17 %
Yorkshire Bank	17 %

■ Members of the Accepting Houses Committee.

* 7-day deposits 15%, 1-month deposits 15¼%.

† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.

‡ Call deposits over £1,000 15%.

§ Demand deposits 15%.

Dollar easier

The dollar continued to lose ground in currency markets yesterday, reflecting a further fall in Euro-dollar rates and U.S. prime rates. Interest rates had started to ease after last Friday's figures showing a fall in U.S. money supply. Trading was generally quiet, and the dollar's decline gained momentum soon after the various currency fixings throughout Europe. With New York entering the market, the dollar continued to come on offer, but finished just above its worst level of the day. Against the D-mark it closed at DM 1.7915, well down from Friday's close of DM 1.8130. Similarly it fell to SwFr 1.6610 against the Swiss franc against SwFr 1.6805. *The yen showed an improvement* helped by the negotiation of further oil contracts for Japan. The dollar finished at Y225.6, its lowest level since mid-October last year, and down from Friday's figure of Y231.75.

On Bank of England figures, the dollar's trade weighted index fell from 86.1 to 85.3.

Sterling remained very much on the sidelines yesterday, losing ground against European currencies but improving against the dollar. Its trade weighted index fell to 72.9 from 73.0, having stood at 72.9 at noon and 73.0 in the morning. Against the dollar it opened at $2.2750-2.2760 and dipped to a low of $2.2735 before coming back to $2.2750 at noon. As the dollar weakened during the afternoon so sterling reached its best level of the day at $2.2840. It closed at $2.2810-$2.2820, a rise of 1.4c from Friday.

D-MARK — Showing renewed strength against the dollar and within the European Monetary System, following firmer rates in Frankfurt, and lower US interest rates — Trading was fairly subdued in Frankfurt yesterday, with various national holidays across Europe likely to restrict the level of business this week. At yesterday's fixing the dollar eased to DM 1.7985 compared with an opening level of DM 1.8045 and Friday's fixing of DM 1.8050. Figures released yesterday that showed a West German current account deficit of DM 933m in March were much in line with provisional indications, and appeared to have little effect on trading. Attention remained focussed on interest rates and the easier tendency in Euro-dollar rates.

BELGIAN FRANC—No longer weakest member of EMS being helped by record interest rates earlier this year. Slightly weaker recently reflecting a slight fall back in interest rates — The Belgian franc was generally firmer at yesterday's *fixing* in Brussels, despite further cuts in short term Treasury bill rates on Friday. The U.S. dollar was lower at BFr 28.945 compared with BFr 29.045 at Friday's fixing, and sterling eased to BFr 65.88 from BFr 66.22. The franc remained largely unaffected by the efforts of M. Wilfried Martens temporary premier, to form what would be Belgium's 26th government since World War 2, although if successful, he promised to implement further cuts in public spending to save around US$2.7bn.

DANISH KRONE—Remaining weak within the EMS, and suffering two devaluations during 1979—The krone was generally weaker against its EMS partners but improved against sterling and the U.S. dolar. Sterling was fixed at DKr 12.8620 in Copenhagen

JAPANESE YEN—Energy and balance of payments problems reflected in sharp decline last year. Although the situation over oil supplies remains uncertain, easier U.S. interest rates have helped the yen recover—The dolar lost ground against the yen in Tokyo yesterday, despite a late rally, and closed at Y230.2 compared with Y231.90 on Friday.

THE POUND SPOT AND FORWARD

May 12	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2735-2.2840	2.2810-2.2820	1.52-1.42c pm	7.73	3.52-3.42 pm	6.08
Canada	2.6780-2.6910	2.6875-2.6885	0.80-0.70c pm	3.37	2.55-2.45 pm	4.41
Nethlnd.	4.49-4.56	4.49½-4.50½	3-2c pm	6.67	7⅛-6⅛ pm	5.88
Belgium	65.55-66.30	65.70-65.80	10c pm-par	0.91	25-15 pm	1.22
Denmark	12.79-12.88	12.79¾-12.80¾	⅞-2⅞ore dis	−0.16	4½-6½ dis	−1.72
Ireland	1.0990-1.1075	1.1020-1.1030	0.04p pm-par	0.22	0.23-0.18 pm	0.74
W. Ger.	4.07½-4.12	4.08½-4.09½	3½-2½pf pm	8.44	8-7 pm	7.33
Portugal	111.80-112.80	112.45-112.65	30c pm-20c dis	−2.67	27-100 dis	−2.15
Spain	161.85-162.55	161.90-162.00	15c pm-50c dis	−2.41	65-135 dis	−2.35
Italy	1,926-1,935	1,931½-1,932½	1½lire pm-½lire dis	0.31	7½ pm-½ dis	2.07
Norway	11.22½-11.26	11.23½-11.24½	5-3¼ore pm	4.40	13½-11½ pm	4.49
France	9.54½-9.62	9.55¾-9.56¾	4½-3½c pm	5.33	11-10 pm	4.39
Sweden	9.63-9.67	9.64-9.65	4½-3½ore pm	4.98	10-8¾ pm	3.91
Japan	512-527	516½-517½	2.85-2.35y pm	6.03	6.55-6.05 pm	4.91
Austria	29.08-29.33	29.15-29.20	24-17gro pm	8.43	56-46 pm	6.99
Switz.	3.78-3.82	3.78½-3.79½	4½-3½c pm	12.66	11½-10½ pm	11.36

Belgian rate is for convertible francs. Financial franc 67.20-67.30. Six-month forward dollar 4.97-4.87c pm. 12-month 6.90-6.70c pm.

THE DOLLAR SPOT AND FORWARD

May 12	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2735-2.2840	2.2810-2.2820	1.52-1.42c pm	7.73	3.52-3.42 pm	6.08
Ireland†	2.0600-2.0730	2.0720-2.0730	1.40-1.30c pm	7.82	3.48-3.35 pm	6.48
Canada	1.1773-1.1784	1.1778-1.1781	0.38-0.42c dis	−4.07	0.68-0.73dis	−2.39
Nethlnd.	1.9720-1.9892	1.9745-1.9760	0.12-0.18c dis	−0.91	0.04pm-.02dis	0.02
Belgium	28.78½-28.98	28.81-28.83	11-15c dis	−5.41	29-34 dis	−4.37
Denmark	5.6075-5.6480	5.6075-5.6100	4.20-4.70ore dis	−9.52	10.25-.75dis	−7.49
W. Ger.	1.7880-1.8080	1.7910-1.7920	0.13-0.03pf pm	0.53	0.68-0.58 pm	1.41
Portugal	49.15-49.40	49.20-49.30	20-40c dis	−7.31	88-115 dis	−7.31
Spain	71.00-71.40	71.00-71.10	40-65c dis	−8.87	140-165 dis	−8.58
Italy	846.50-848.50	846.50-847.00	4½-5½lire dis	−7.08	12-14 dis	−6.14
Norway	4.9270-4.9395	4.9275-4.9285	1.10-1.60ore dis	−3.29	1.30-1.80dis	−1.26
France	4.1885-4.2210	4.1900-4.1925	0.80-0.90c dis	−2.43	1.90-2.00dis	−1.81
Sweden	4.2310-4.2370	4.2310-4.2325	0.70-0.90ore dis	−2.27	1.80-2.00dis	−1.79
Japan	225.70-230.20	226.55-226.65	0.10-0.30y dis	−1.06	0.35-0.55dis	−0.79
Austria	12.76-12.84½	12.78½-12.79½	0.70gro pm-par	0.33	4.25-2.00 pm	0.98
Switz.	1.6570-1.6760	1.6605-1.6615	0.75-0.65c pm	5.06	2.19-2.09 pm	5.15

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

May 8	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.569171	0.609680
U.S. $	13	1.29640	1.38946
Canadian $	14.17	1.53196	1.63859
Austria Sch.	6¾	16.6899	17.9101
Belgian F.	14	37.6539	40.3918
Danish K	13	Unavail	7.85740
D'Mark	7½	2.34000	2.50798
Guilder	10	2.58178	2.76572
French Fr.	9½	5.47405	5.86630
Lira	15	1101.62	1180.69
Yen	9	302.839	322.494
Norwgn. Kr	9	6.41524	6.86254
Spanish Pts	8	92.4696	99.0953
Swedish Kr	10	5.50127	5.89409
Swiss Fr.	3	2.16369	2.31929

CURRENCY MOVEMENTS

May 12	Bank of England Index	Morgan Guaranty Changes%
Sterling	72.9	−32.8
U.S. dollar	85.3	−7.9
Canadian dollar	80.1	−17.8
Austrian schilling	156.1	+23.7
Belgian franc	115.3	+14.2
Danish kroner	108.4	−5.1
Deutsche mark	155.1	+45.1
Swiss franc	196.9	+80.4
Guilder	125.0	+19.4
French franc	100.7	−6.2
Lira	53.3	−51.0
Yen	125.6	+34.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES

May 12	£	$		£ Note Rates
Argentina Peso	4082-4102	1792-1799	Austria	29.05-29.35
Australia Dollar	2.0180-2.0220	0.8850-0.8858	Belgium	66.90-67.80
Brazil Cruzeiro	111.12-112.12	48.86-49.06	Denmark	12.74-12.88
Finland Markka	8.46½-8.47	3.7080-3.7100	France	9.52-9.60
Greek Drachma	96.855-99.116	42.60-42.90	Germany	4.07-4.09½
Hong Kong Dollar	11.12½-11.14½	4.8820-4.8850	Italy	1890-1950
Iran Rial	n/a	n/a	Japan	522-527
Kuwait Dinar (KD)	0.610-0.620	0.2695-0.2696	Netherlands	4.47½-4.50½
Luxembourg Frc.	65.70-65.80	28.81-28.83	Norway	11.20-11.27
Malaysia Dollar	4.9925-5.0025	2.1900-1.1920	Portugal	107-112½
New Zealand Dlr.	2.3350-2.3400	1.0240-1.0250	Spain	157-164
Saudi Arab. Riyal	7.52-7.62	3.3290-3.3305	Sweden	9.62-9.67
Singapore Dollar	4.9225-4.9325	2.1595-2.1625	Switzerland	3.78-3.81
Sth. African Rand	1.8080-1.8090	0.7925-0.7930	United States	2.685-2.775
U.A.E. Dirham	8.41-8.51	3.7215-3.7230	Yugoslavia	48-50½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 12	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3266	+1.35	+0.60	±1.53
Danish Krone	7.72336	7.85759	+1.74	+0.99	±1.64
German D-Mark	2.48208	2.50506	+0.93	+0.18	±1.125
French Franc	5.34700	5.36043	+0.23	−0.52	±1.3557
Dutch Guilder	2.74362	2.76396	+0.74	−0.01	±1.512
Irish Punt	0.669201	0.676457	+1.24	+0.49	±1.668
Italian Lira	1157.79	1181.57	+2.05	+1.81	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times

EXCHANGE CROSS RATES

May 12	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.282	4.090	517.0	9.563	3.790	4.500	1932.	2.688	66.75
U.S. Dollar	0.438	1.	1.793	226.6	4.191	1.661	1.972	846.8	1.178	28.82
Deutschemark	0.244	0.558	1.	126.4	2.338	0.927	1.100	472.4	0.657	16.08
Japanese Yen 1,000	1.934	4.413	7.911	1000.	18.50	7.331	8.611	3737.	5.199	127.2
French Franc 10	1.046	2.386	4.277	540.7	10.	3.963	4.706	2020.	2.811	68.75
Swiss Franc	0.264	0.602	1.079	136.4	2.523	1.	1.187	509.8	0.709	17.35
Dutch Guilder	0.222	0.507	0.909	114.9	2.125	0.842	1.	429.3	0.597	14.61
Italian Lira, 1,000	0.518	1.181	2.117	267.6	4.950	1.962	2.329	1000.	1.391	34.03
Canadian Dollar	0.372	0.848	1.522	192.3	3.557	1.410	1.674	718.8	1.	24.46
Belgian Franc 100	1.521	3.470	6.221	786.3	14.54	5.764	6.844	2938.	4.088	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 10.50-10.60 per cent; three-months 10.60-10.70 per cent; six-months 10.35-10.45 per cent; one year 10.55-10.65 per cent.

May 9	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17⅛-17⅝	8¾-9	14-15	10½-11	3½-4	9⅛-9⅜	12½-12¾	13-15	—	11-11⅛
7 days' notice	17¼-17½	9⅛-9⅜	14-15	10⅞-11⅛	3½-4	9⅛-9⅜	12⅝-12⅞	18-20	10⅛-10¼	11¼-11½
Month	17⅝-17⅞	10¼-10½	14⅝-14¾	11-11¼	5⅛-5⅜	9¾-9⅞	12⅜-12⅝	16-17½	10¾-10⅞	12-12⅛
Three months	17¼-17½	11-11½	13⅝-14	11-11¼	5⅞-6	9⅝-9¾	12¾-13	16½-17½	11¼-11⅜	12-12½
Six months	15⅞-16⅞	11-11½	12½-12⅞	10¾-11	5⅞-6⅛	9⅛-9½	12⅞-13⅛	16-17	11⅜-11½	11⅛-11¼
One year	14⅞-15⅛	11⅛-11⅜	11¾-12⅛	10¾-11	5⅛-5⅜	9-9½	13⅛-13⅜	16½-17½	11⅛-11¼	10¾-10⅞

Long-term Eurodollar two years 11¼-11½ per cent; three years 11¼-11½ per cent; four years 11¼-11½ per cent; five years 11¼-11½ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

French rates firm

French short term money continued to rise yesterday, with call money reaching a three-week high of 12¾ per cent, up from Friday's level of 12½ per cent. However the squeeze on short term liquidity experienced just recently, seems certain to be relaxed after yesterday's move by the Bank of France to inject money into the market. It bought FFr 6bn of first category paper at an unchanged rate of 12¼ per cent, the first purchase since April 23. The French authorities have maintained a very tight grip on interest rates, with some dealers complaining that rates are artificially high. On the other band the attraction of high *yields* has helped *maintain* the French franc at the top of the European Monetary System. Part of the money released into the market was taken up by the Bank's auction of nearly FFr 2.6bn of 9-month Treasury bills.

The auction attracted bids of FFr 3.88bn and the amount allotted was FFr 2.517bn. The bills will yield 13.3 per cent compared with 13.82 per cent at the previous auction on April 10.

In Frankfurt rates were firmer where changed, with call money at 10.05 per cent, up from 9.9 per cent on Friday, and one-month money at 10.15 per cent compared with 10.10 per cent previously.

In Brussels deposit rates for the Belgian franc (commercial) were up to a ½ point easier in places, with one-month money

MONEY RATES

NEW YORK	
Prime Rate	16½-17½
Fed. Funds	10½-10¾
Treasury Bills (13-week)	8.82
Treasury Bills (26-week)	8.70
GERMANY	
Discount Rate	7.5
Overnight Rate	10.05
One month	10.15
Three months	10.35
Six months	10.05
FRANCE	
Discount Rate	9.5
Overnight Rate	12.875
One month	12.625
Three months	12.6875
Six months	12.6875
JAPAN	
Discount Rate	9
Call (Unconditional)	12.375
Bills Discount (three-month)	13.90625

UK MONEY MARKET

Large help

Bank of England Minimum Lending rate 17 per cent (since November 15, 1979)

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance on a large scale. This comprised small purchases of Treasury bills from banks and discount houses, and a small number of local authority bills all from the houses. They also bought a small amount of eligible bank bills for resale at a fixed future date. Some of the local authority bills are also for resale to the market. The help was completed by moderate loans to six or seven houses at MLR for repayment today.

The market was faced with a moderate net take up of Treasury bills to finance and the *resale to the market of a large* number of bills (eligible bank bills and local authority bills). In addition banks brought forward balances a small way below target. On the other hand there was a small excess of Government disbursements over revenue transfers to the Exchequer, and a small decrease in the note circulation.

Discount houses were paying up to 17 per cent for secured call loans at the start, with late balances still commanding over 16¾ per cent. In the interbank market overnight money opened at 17⅜-17½ per cent and eased to 17-17¼ per cent where it stayed for some time. Rates briefly touched 16¾-17 per cent but closing balances were costing 18-20 per cent.

Rates in the table below are nominal in some cases.

GOLD

Quiet trading

Gold rose by just one dollar an ounce in the London bullion market yesterday to $511-516. Trading was extremely quiet, with dealers noting that further cuts in U.S. interest rates could stimulate some interest in the metal. It opened at $508-513 and was fixed during the morning at $510.50. During the afternoon it rose a little to be fixed at $513.25.

In Paris the 12½ kilo bar was fixed at FFr 72,250 per kilo ($534.54 per ounce) compared with FFr 72,250 ($533.45) in the morning and FFr 72,400 ($533.30) on Friday afternoon.

	May 12		May 9	
Gold Bullion (fine ounce)				
Close	$511-516	(£223¾-226¼)	$510-515	(£225-227¼)
Opening	$508-513	(£223¼-225¾)	$507-512	(£222¾-225)
Morning fixing	$510.50	(£224.327)	$510.50	(£224.002)
Afternoon fixing	$513.25	(£225.011)	$508.25	(£223.210)
Gold Coins				
Krugerrand	$526-531	(£231-234)	$525-530	(£231-234)
Mapleleaf	$520-526	(£227-231)	$517-527	(£227½-232½)
New Sovereigns	$132-133	(£57¾-58½)	$130-132	(£57¼-58¼)
King Sovs	$152-156	(£66½-68½)	$151-155	(£66½-69½)
Victoria Sovs	$152-156	(£66-68½)	$151-155	(£66½-69½)
French 20s	$137-141		$136-140	
50 pesos Mexico	$638-645		$630-638	
100 Cor. Austria	$506-512		$501-512	
$20 Eagles	$635-640		$630-635	
$10 Eagles	—		—	
$5 Eagles	—		—	

LONDON MONEY RATES

May 12 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Over-night	—	16¾-20	—	—	—	17¼-17⅝	16½-17	—	—	—
2 days notice	—	—	17½-17¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17⅜-17½	17⅝-17¾	—	17⅝	17¼-17⅜	16½-18	—	—	—
One month	17¼-17¼	17¼-17⅜	17⅜-17⅝	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	17⅛-17⅛	17⅜-17⅝	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	17⅛-16½	17-17⅛	16⅞-17⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	16-15⅞	15½-16½	15⅞-16⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	15½-16	15⅝-15⅞	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One Year	15⅛-14⅞	14⅞-15⅛	15-15⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	—	—	15-15¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 14¾-14⅞ per cent; four years [illegible] per cent; five years [illegible] per cent. Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills [illegible] per cent; four-month trade bills 16¾ per cent.

Approximate selling rates for one-month Treasury bills 15[illegible] per cent; two-months 16[illegible]-16¾ per cent. Approximate selling rates for one-month bank bills 17¼ per cent; two-months [illegible] per cent; three-months 16[illegible] per cent; one-month trade bills 17½ per cent; two-months 17¾ per cent; three-months 16¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from May 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 10.1475 per cent.

WORLD STOCK MARKETS

Fresh early Wall St. decline

FURTHER profit-aking pushed Wal Street stocks mainly lower yesterday morning in moderate trading despite news of another fall in Prime Rate.

The Dow Jones Industrial Average receded 4.18 more to 801.62 at 1 pm, while the NYSE All Common Index lost 29 cents to $59.50 and declining issues outpaced advances by a two-to-one margin. Turnover amounted to 21.00m shares at 1 pm, against last Friday's 22.36m.

Morgan Guaranty Trust cut its Prime Rate to 16½ per cent from 17½ and was followed by a few other banks. Ameritrust, in Cleveland, cut its rate ot 16 per cent.

Analysts said, however, that many investors remain concerned about the possible dept of the recession and its potential mipact on corporate profits.

Oils were broadly lower again. Active **Texaco** lost $1 to $33, **Exxon** ½ to $59½, **Superior Oil** ½ to $133½, **Union Oil of California** ⅞ to $45⅞, **Getty** ¾ to $71½, **Standard Oil (Indiana)** 1⅛ to $91⅛ and **Standard Oil (Ohio)** 1⅞ to $84⅛ ex-dividend.

Despite the general weakness, volume leader **Chrysler** rose ⅛ to $7⅞. The U.S. Loan Guarantee Board has approved $1.5bn in loan guarantees for Chrysler.

Diamond International climbed 5¼ to $37⅞. The Board is opposing a proposed tender offer from Cavenham.

Peabody International slipped ⅛ to $20½. It may have to restate its 1979 fourth-quarter results as being 30 cents a share lower. **St. Joe Minerals** lost 1½ to $37⅞ despite raising the dividend, but the company forecast lower second-quarter profits.

General Motors added ⅞ at $42½. According to a metals industry trade publication, GM is considering building three-cylinder engines for use in 1984 or 1985 car models.

THE AMERICAN SE Market Value Index retreated 1.65 to 244.66 at 1 pm on volume of 1.89m shares (2.02m).

Closing prices for North America were not available for this edition.

Canada

Markets recorded further widespread *declines after fairly* active early dealings yesterday. The Toronto Composite Index lost 11.5 to 1,798.3 at mid-day, while the Oil and Gas index shed 29.8 to 3,803.2, Metals and Minerals 23.0 to 1,632.9 and Golds 9.8 to 2,813.2. In Montreal, *Papers dipped 1.48 to* 162.68, but Banks edged up 0.48 to 321.18.

Texaco Canada, C$79, and **Dome Petroleum**, C$63, each fell one point.

Among Base Metals, **Falconbridge Nickel** lost 1½ to C$79, **Alcan Aluminium** ⅞ to C$26⅞ and **Noranda Mines** ⅞ to C$22⅛.

Tokyo

Stocks displayed an easier bias after thin trading amid concern about the yen's continued strengthening against the dollar and also the Iranian situation.

The Nikkei-Dow Jones Average shed 5.83 to 6,754.94, while declines on the First Market section outnumbered gains by 328 to 269. Turnover was a modest 160m shares, compared with last Friday's 270m and the 200m recorded on a half-day session on *Saturday.*

Trading House Mtisui receded Y4 to Y329, affected by uncertainties aboutt he future of its joint petrochemical project in Iran.

Oil shares were actively bought near the close, leaving **Nippon Oil** up Y60 at Y2,060 and **Teikoku Oil** Y30 firmer at Y1,200.

Germany

Selective foreign buying helped to push the market further ahead initially, but profit-taking on last week's sharp gains set in later, leaving mixed price movements on the day. The Commerzbank index managed a small net gain of 1.9 at 704.9.

Bourse sources said news of a regional Socialist Party election victory may have depressed domestic demand for shares.

Motors and Utilities were the only sectors to show an overall firmer trend at the close. **Daimler Benz** gained *DM* 4.40 to DM 261.90 and **Mercedes** DM 1 to DM 221. **VEW** put on DM 2 in Utilities and **Siemens** DM 3.90 in Electricals. In contrast, **Karstadt**, in Stores, receded DM 6.80.

The Domestic Bond market was *fairly steady, with the Bundes*bank selling only DM 0.7m nominal of paper after sales of DM 36.5m last Friday. Mark-denominated Foreign Loans further improved.

Paris

Share prices tended to soften in very quiet trading, with operators reluctant to take positions ahead of today's scheduled national strike and Thursday's public holiday.

Market observers said *apprehension over the strike due* to take place at the Bourse as well as in other business sectors today to protest against proposed Government reforms of the social security system, had been amplified by the poor showing on Wall Street last Friday.

Banks, however, were buoyant despite the generally easier trend, while Foods, Constructions and Electricals were mixed.

CIT Alcatel declined FFr 46 to FFr 1,038 despite announcing higher profits, but **Pernod Ricard**, also after improved results, gained FFr 3 to FFr 303.50.

Carrefour lost FFr 44 to FFr 1,736 and **Aquitaine** FFr 20 to FFr 1,285.

Australia

Energy stocks featured strongly in otherwise mixed markets yesterday.

The Oils sector provided the most interest, *with no less than* seven stocks recording highs for the year.

Last week's star performer **Santos** continued its recent upsurge to close 60 cents higher at a new high for the year of A$9.80. **Vamgas**, a Santos *exploration partner in* the Cooper Basin, also reached a new high for the year of A$4.90 ex the dividend, a gain of 20 cents. **Woodside Petroleum** added 8 cents at A$2.48 and **Crusader Oil** 17 cents at A$3.17.

Coal producers responded to *rumours that the coal strikes* that have hit New South Wales recently would soon end, and **Utah** led the way with a 35 cents gain to A$4.35. **Oakbridge** put on 10 cents to A$3.00, while **BHP**, which has cut production as a result of the coal dispute, moved ahead 25 cents to A$12.60.

Among Uraniums, **Panconti-nental**, **Queensland Mines** and **Peko-Wallsend** rose 10 cents apiece.

Johannesburg

Gold shares were inclined to ease in quiet trading, but some issues improved later as the Bullion price steaded in London. Losses still outnumbered gains by about three-to-one fater a small turnover. **West Drie** shed 100 cents to R79.00, **Durban Deep** 50 cents to R26.25 and **President Brand** 25 *cents to* R37.50, but **Bracken** rose 5 cents to R3.35.

Mining Financials were narrowly mixed. Industrials were mixed but with a firmer bias. **Barolw Band** advanced 40 cents to R9.70 on the results.

Hong Kong

After an early decline on profit-taking in the wake of Saturday's decision by local banks not to reduce interest rates, the market tended to pick up during the afternoon on selective buying. Trading was fairly active, and the Hang Seng index, down 6.31 initially, improved to close 5.77 higher on the day at 889.62.

NEW YORK

Indices

CANADA

BELGIUM (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

HOLLAND

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

HONG KONG

JAPAN

JAPAN (continued)

SINGAPORE

SOUTH AFRICA

BRAZIL

Spanish prices, Page 22

Opportunities in Charterhouse Japhet

Charterhouse Japhet, a leading merchant bank and a member of the Accepting Houses Committee, has challenging opportunities for experienced staff in the following areas:

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Applicants must have sound credit control experience which includes the analysis of balance sheets, and possess the ability rapidly to assess credit line proposals and write recommendations for Board consideration. A professional Accounting or Banking qualification preferred.

Generous salary and excellent fringe benefits are offered.

For further details apply in writing in the strictest confidence to

Group Personnel Manager,
Industrial Funding Trust Limited,
18 St. Swithin's Lane, London EC4N 8AH

MANAGER/DIRECTOR

required to establish

U.K. COMPANY

in the field of Consumer, Leasing and Property Finance on behalf of a Swiss based overseas company. Salary in region of £10,000 neg.

Write Box A7144, Financial Times 10 Cannon Street, EC4P 4BY

APPOINTMENTS WANTED

CHARTERED ACCOUNTANT, 34, based in North-West, now returning to London, seeks challenging London-based position. Extensive industrial and commercial experience. Currently managing seven-figure Investment Fund. Write Box A.7140, Financial Times, 10, Cannon Street, EC4P 4BY.

I HAVE 4½ years Stock Exchange experience and completed S.E. membership exams, aged 33, am seeking a position in Investment/Investment Appraisal. Replies to Box A.7137, Financial Times, 10, Cannon Street, EC4P 4BY.

Systems Accountant

Sussex/Hants border c.£10,000

Our client, a division of a high-technology U.S. multi-national group, has substantial interests throughout Europe. They now require a qualified accountant, preferably A.C.M.A., to strengthen their senior financial team.

This challenging role will involve full participation in the advanced data-based computer system currently being installed to accommodate the further expansion of the European operations.

You will play a major role within the team in developing the group's sophisticated accounting systems, controlling the day-to-day plant operational activities together with challenging ad hoc duties.

Personal qualities required in the successful candidate will include a practical and experienced approach to problem-solving combined with ambition and a strong desire to succeed. Prospects throughout the group are excellent. Ref: MSS 3295.

Lloyd Chapman Associates
125 New Bond Street, London W1Y 0HR 01-499 7761

OVERSEAS OPPORTUNITIES

On behalf of our principals we wish to recruit the following personnel:

INTERNAL AUDITOR (ACA) BERMUDA
$24,000 p.a. (tax free). Age 25/32. Preferably single. Insurance experience useful.
L1481

CHIEF ACCOUNTANT SAUDI ARABIA
£13,000 p.a. plus house (tax free) To join expanding travel company on The Gulf.
L1473

ACCOUNT EXECUTIVE BERMUDA
$24,000 p.a. (tax free). Age 25/32. Preferably ACA, single extrovert and with computer experience.
L1482

AUDITOR GREECE-BASED
$ and Dr. negotiable (very low tax). To audit Middle Eastern Insurance Companies
Fluency in Arabic preferred.
L1468

In the first instance please contact:

IPS GROUP

Christopher D. Stock, F.I.C.B.
Banking and Accountancy
Personnel Selection
01-481 8111

R-H

BILINGUAL?

C. London £11,000

Fluent or near fluent French and German? Enjoy travel? This appointment with a well-known U.S. company will give you plenty of opportunity for both visiting Europe and places further afield including the U.S. As a key member of a team reviewing systems and internal controls you would be reporting to a Director. Candidates, either A.C.A. or A.C.C.A., should have had a sound professional training.

OPERATIONAL AUDIT

C. London c£10,000

This position is concerned with the exercise of judgement and the ability to take decisions. It therefore calls for a qualified accountant possessing initiative and experienced in modern audit techniques such as flow-charting. There are excellent prospects for career development in this multi-national organisation but applicants must be willing to undertake around 60% overseas travel in this initial role.

ACCOUNTING MANAGER

Kent c£9,000

Reporting to the financial accountant you will be responsible for a staff of 20. Your main duty is the day to day management of three divisions, namely bought ledger, sales ledger and cashier's department. You will be directly involved in the imminent computer installation and systems review. Your brief will be varied and demanding and applicants with sound commercial and staff control experience will be preferred.

ASSISTANT TO F.D.

C. London £8,500 + Car

The ability to quickly assess work priorities is a key attribute sought in a young accountant by a group which markets fast moving consumer products. Assignments will be extremely broad ranging and encompass treasury management, systems development and business evaluation. Some European travel can be expected when undertaking ad hoc projects. The experience that will be gained will ensure personal career fulfilment within a dynamic profit-conscious environment.

FINANCIAL ANALYST

Herts to £7,500 + Car

A medium-sized company active in the finance sector requires a young accountant to be based in its Head Office. Reporting to the comptroller the successful candidate will be required to negotiate term loans, co-ordinate and consolidate budgets and forecasts and analyse financial reports. Other duties include the design and specification of computer systems. A broadly based role for a person seeking wide commercial involvement.

Lee House, London Wall, London EC2Y 5AS. Tel: 01-606 6771

ROBERT HALF
Accountancy & Financial personnel specialists

Taxation Accountant
Hounslow

Eaton Limited, part of a large U.S. Engineering Corporation with worldwide interests, are seeking a qualified chartered or certified accountant with some experience of taxation, who wishes to develop in a large company.

The successful candidate will initially be responsible for the preparation of U.K. tax computations for Eaton Limited and its subsidiaries. He or she will also have financial accounting duties and thereby gain experience of computerised dollar accounting. Opportunities for exposure to European taxation will be available in the future. The salary is negotiable.

Contact Maria Williams 01-235 7030 Ext. 343 (Answering service out of hours 01-235 6838), PER, 4/5 Grosvenor Place, London SW1X 7SB.

Applications are welcome from both men and women.

PER Professional & Executive Recruitment

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Paris, France — Offshore structures

Market-leaders in high technology offshore field. Initial responsibilities will be in prospection and in securing inquiries in conjunction with an established international sales force.

Real prospects exist for the successful candidate to quickly advance to the position of controlling the sales force and reporting directly to the company president.

Candidates should be fluent in both French and English and currently be involved in the offshore industry.

The salary will be commensurate with the importance that the company attaches to this appointment.

Write in strict confidence with full salary and career dtails to Box A.7142, Financial Times, 10, Cannon Street, London EC4P 4BY

ASTLEY & PEARCE LIMITED

LEASE-BROKING OPPORTUNITY

Due to expansion of the Company's interests a new post has been created to develop our lease-broking activities.

Applicants should have a thorough knowledge of U.K. tax based leasing and preference will be given to those who can demonstrate the ability to develop lessor and lessee contacts.

An excellent remuneration package is offered together with profit-sharing incentive.

Applicants should apply in writing giving details of previous experience to:

G. C. M. Barker,
ASTLEY & PEARCE LTD.,
80, Cannon Street, London EC4N 6LJ

Hotel Accountant

Career development, 4-star status, on-line in Central London

The 600-room 4-star White House Hotel is looking for a manor woman, ideally aged 25-35 and with sound experience of large hotel accounting systems, to head up a team of 20 as Chief Accountant, taking responsibility for the preparation of four weekly operating statements and day-to-day admin. with the benefit of a full, on-line computerised front office and guest accounting system.

Salary will start c. £7,500 p.a. Good benefits include free meals, 4 weeks' annual holiday and contributory pension scheme.

Please write, with full CV, marked Private and Confidential, to:

The Financial Controller
WHITE HOUSE HOTEL
Albany Street, Regent's Park, London NW1
or telephone on 01-387 1200

Rank Hotels

Interested in Figures?

The Investors Chronicle is seeking another member for its statistical team. Applicants should be interested in compiling sets of figures for publication and in gradually learning the basics of investment and stockmarket arithmetic.

This is an excellent opportunity for someone wishing to make a career in the investment business. Salary circa £5,000.

Jack Easterbrook
Financial Times Business Publishing Ltd.
Greystoke Place, Fetter Lane, London EC4.

ACTUARY STATISTICIAN

FOR INSURANCE

c.£10,500 and Substantial Benefits

Due to expansion, the Iron Trades Insurance Group is seeking either an actuary or qualified statistician to become head of its Statistical and Records Department.

Duties will include regular scrutiny of each class of business underwritten, assisting executives in the interpretation of results as well as advising on further refinements and applications of statistical analysis.

Applicants must demonstrate that they have considerable post qualification experience within a commercial environment and that they are prepared to undertake the organisation of a completely new function. An ability to operate under pressure as well as liaise with senior management is essential.

Please send a brief career resume to:
The Chief Accountant,
IRON TRADES INSURANCE GROUP,
Iron Trades House,
21/24 Grosvenor Place, London SW1X 7JA

APPOINTMENTS WANTED

POSITION WANTED

Attorney, bilingual, late thirties, South African legal education with seven years' general law practice experience and additional diverse experience in international legal practice in the Far East for the past five years. Seeks new, challenging and rewarding position with large company, financial institution or law firm. Willing to relocate and travel.

Please reply to:
M. Gross, P.O. Box 899, Pretoria 0001, Republic of South Africa.

F.C.I.S.

Aged 45, with over 20 years' experience in the company secretarial function, including 8 years as Secretary of public companies, seeks new position as Secretary/Administrator in London or southern England.

Write Box A7145, Financial Times 10 Cannon Street, EC4P 4BY

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Ackrill, Carr & Partners Limited
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(We regret no telephone enquiries can be accepted)

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Leeds 0532 444578. Manchester 061-236 9777. Nottingham 0602 598821.

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New tax ruling enables Dutch Company to offer Licensors of Technology and Trademarks unprecedented benefits.

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Ronver B.V., Groothandelsgebouw, Weena 723, Postbus 29193, 3001 G.D. Rotterdam
Tel: 010-141210

TRUCK BODY MANUFACTURER IN RECEIVERSHIP

The assets and undertaking of B.D. ALTRUCK Equipment Ltd. (in receivership), of Wrexham, are being offered for sale. The Company is a manufacturer of commercial vehicle bodies in kit form. Turnover: £2,500,000 p.a.; 110 employees.

Enquiries to the joint receivers and managers:
B.D. ALTRUCK Equipment Ltd. (in receivership)
P.O. Box 89, Industrial Estate, Wrexham, Clwyd LL1 1YN.
Tel: 0978-61701.

ALUMINIUM GLASSHOUSES

Market leader represented in all Glasshouse markets, wishes to discuss with manufacturers possibilities of entering arrangements for Marketing a product range as own brand.

Interested parties are invited to write:
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PRIVATE COMPANIES

Investment Company has substantial funds available for investment in or purchase of private companies with good profits records.

Preference will be given to those businesses where proven existing management wish to continue and expand their companies.

Consideration will be satisfied by cash or, if appropriate, quoted

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Exclusive UK/European manufacturing and marketing rights to revolutionary proven product (pat. pend.) in the specialist market of vehicle recovery/removal. Already in use with fleet owners, numerous garages, police in five countries and the RAC. This product will interest most major companies in the automotive industry who have the manufacturing and marketing ability combined with the wish to diversify into an untapped growth market.

£60,000 + SAV

Principals only to J. H. Young, Box G5857 Financial Times, 10 Cannon Street, EC4P 4BY

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A Leasing Company wishes to sell its portfolio of Leasing Agreements. All Contracts are with Local Authorities and receivables total approximately £750,000. All offers should be sent to:

Box G.5849, Financial Times, 10, Cannon Street, EC4P 4BY

£150,000 OR MORE

PRESSURES ON CORPORATE LIQUIDITY HAVE NEVER BEEN MORE SEVERE AND NO COMPANY CAN MAINTAIN A LEVEL OF DEBTORS HIGHER THAN NECESSARY

Would you consider a plan to reduce your debtors professionally and without loss of customer goodwill if it was on a

- " Payment by results " basis
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An investment Company seeks a majority holding in private companies operating in any cash generating business, especially services, distribution and leisure, where existing proven management wish to continue and expand their business. Companies should show at least three years of profit growth and now be making between £100,000 and £250,000 pre-tax. Attractive overall package offered to vendors.

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The Managing Director
Box G5848, Financial Times
10 Cannon Street, EC4P 4BY

COMPANY NOTICES

THYSSEN AKTIENGESELLSCHAFT

WESTMINSTER BANK LIMITED
DEPOSIT CERTIFICATES

National Westminster Bank Limited gives notice that claims may now be lodged for the twentieth dividend due 28 April 1980, on the Deposit Certificates at the rate of £0.145330 per DM 10 Unit. United Kingdom Income Tax will be deducted unless claims are accompanied by an appropriate Inland Revenue declaration:

Gross Dividend of DM 0.80 per Unit	£0.194174
Less 25 per cent German Tax	£0.048544
Less United Kingdom Income Tax at 15 per cent on gross dividend	£0.029126

Claims should be lodged at Stock Office Services, 2nd Floor, Drapers Gardens, 12 Throgmorton Avenue, London, EC2, on special forms obtainable from that Office.

United Kingdom Banks and Members of the Stock Exchange should mark payment of the dividend in Space No. 22 provided on the back of the certificate.

All other claimants must complete the special form and present this at the above address together with the certificates for marking by the National Westminster Bank Limited. Postal applications cannot be accepted.

BUSINESS AND INVESTMENT OPPORTUNITIES ALSO APPEAR TODAY ON THE FOLLOWING PAGE

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Full details from the
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Financial Times
10 Cannon Street, EC4P 4BY

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DEEP SEA WATER DOCK FACILITY

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LEGAL NOTICES

FLEET STREET FLYERS LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 3/4 Bentinck Street, London W1A 3BA on Thursday the 15th day of May 1980, at 12 o'clock midday, for the purposes provided for in Sections 294 and 295.

Dated the 29th day of April 1980.
F. J. BARNES, Director.

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Business and Investment Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

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The programme will help you start your own enterprise and develop your business skills. You'll also be encouraged to extend your contacts within commerce and industry. As well as advised on how to make the most of new opportunities for growth.

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Two Stage Programme. You spend the first four weeks in residence being helped to identify and think through your business venture.

You then spend most of the next twelve weeks at the location where you intend to set up your business.

Here you'll be able to carry out a feasibility study on your project. You'll receive advice on marketing and finance. And some secretarial assistance will also be available.

Finance. All residential and tutorial costs will be paid by the Manpower Services Commission and you will receive a TOPS tax-free weekly allowance during the programme.

Entry Requirements. Entry is highly competitive. Particularly since the success of the programme depends largely on the interaction of individual skills.

Essentially you must be able to show that your initial idea has the potential of a realistic business proposition.

And your commitment to setting up a business capable of expansion is more important than any formal qualifications.

You must be 19 at the very least. But there is no upper age limit.

The programme is open to men and women. But there are only fifteen places. So don't wait. Make the most of your business opportunities now.

For further information write to Ian Hall, Manpower Services Commission, Professional and Executive Recruitment, 7-21 Nelson Street, Newcastle-upon-Tyne NE1 6AF. Closing date 6th June 1980.

BUSINESS STARTERS. Manpower Services Commission MSC

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All negotiations will be treated as strictly confidential.

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Managing Director, Dept. FCG
Ackrill, Carr & Partners Limited
Tricorn House, Hagley Road, Birmingham B16 8TP

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COMMODITIES AND AGRICULTURE

Copper may outstrip demand

By John Edwards, Commodities Editor

WORLD copper production could exceed consumption by between 100,000 tonnes to 200,000 tonnes this year, according to a preliminary forecast by the International Wrought Copper Council, which represents consumers.

The prediction follows the Council's recent meeting with leading producers in Athens. It does not take into account any losses of output by U.S. copperworkers when their labour contracts expire this summer or other possible supply disruptions.

The Council estimated that 1979 consumption of copper rose by 5.5 per cent to a record level and exceeded refined production, up by 2.5 per cent, by 540,000 tonnes, taking into account stockpile changes and East-West trade.

Meanwhile, on the London Metal Exchange trading in copper, and other metals, continued on a quiet note, reflecting general lack of demand. Prices were little changed, although high-grade cash tin was firmer and conversely aluminium and nickel lost ground.

LME stock warehouse changes were: copper stocks up 125 to 117,425 tonnes; tin up 125 to 2,095; lead down 125 to 20,500; zinc down 225 to 56,525; aluminium down 975 to 28,500; and nickel down 264 to 8,118 tonnes. LME silver holdings rose by 2,830,000 to 25m ounces.

New trading on Hong Kong exchange

THE HONG KONG Commodity Exchange has raised the price of membership from HK$ 100,000 to HK$ 200,000—that is the price of the one share in the Exchange that every full member must purchase.

The increase in price of new membership is the result of increased interest following the Hong Kong Government's recent approval of an exchange proposal to trade in gold futures. The gold market is expected to start in a few months.

At the same time, once dormant trading in sugar and cotton has recently revived due to the introduction of a new trading systm more in keeping with Japanese practice.

Tea producers agree on world export quota

BY RICHARD COWPER IN JAKARTA

A CONFERENCE of the world's 10 leading tea exporters has agreed in principle to set a global net export quota for 1981 of around 740,000 tons in a bid to stop what they call a "further serious erosion of profitability in the industry and a continuing decline in the purchasing power of tea export earnings."

The objective of the quota should be to achieve an average price of 105 pence per kilo (fob) to be maintained in real terms through to 1985. World tea exports last year totalled around 758,000 tons at an average price of 94 pence per kilo.

The conference which was attended by countries accounting for some 95 per cent of world ta exports failed however to agree on how the global quota should be allocated.

At the root of the problem is the fact that a number of countries such as Kenya and Zaire hav large new planting programmes under way while others have young bushes not yet producing. Such countries are obviously loath to see potential new export earnings cut off by a quota which only takes account of current exports.

Mr. H. O. Adiwinata, the leader of the Indonesian delegation, said: "The conference was successful up to a point. We agreed on a target composite weighted average price of 105 pence per kilo, but many countries had perhaps raised their sights too high in hoping that the conference would agree on a detailed allocation of export quotas. For a tea agreement to get off the ground this is the key point."

The conference which was held in Bandung, Indonesia, recommended that after 1981 annual increases of exports should be limited to between 18,000 tons to 21,000 tons a year, bringing the global export quota for 1985 to around 817,000 tons.

The world's largest exporters of tea, Sri Lanka and India, intimated that they would be prepared to take a smaller proportion of this increase in order to accommodate those producing countries which had alreay embarked on expansion programmes as well, allowing Uganda to make a comeback on to the world market after the economic disruption of the Idi Amin regime.

These concessions were not enough, however, to bring about agreement on the detailed allocation of export quotas on a country-by-country basis.

The conference asked UNCTAD to approach a number of governments individually in the hope that a basis for agreement could be worked out in time for the next UNCTAD intergovernmental meetings on tea, which the conference wants postponed from July and August to the latter part of the year.

What was not in dispute at the conference, however, was the view that market forces alone were not enough to sustain a remunerative price level for tea exports. Tea prices in the first quarter of 1980 were more than 10 per cent below those for the same period in 1979. All countries were firmly committed to proceed with international action to manage the global supply of tea primarily through some kind of export regulation scheme.

Mr. Sudarsono said a global export quota would help bring the tea trade out of a 15 year depression brought on by rises in the price of oil, pesticides and machinery.

Campaign by UK fishermen against cheap imports

BY RICHARD MOONEY

BRITISH FISHERMEN have threatened direct action against cut-priced fish imports, which they claim are destroying the British fishing industry.

The National Federation of Fishermen's Organisations, which represents mainly East-coast skipper-owners, said yesterday its members would picket container ports receiving the fish unless the Government acted to stop cod "dumping" by Continental countries. It may also seek the co-operation of Transport and General Workers' Union members at the ports.

The first phase of the Federation's campaign against the cheap imports which have undermined UK quayside prices began yesterday when members withdrew co-operation with the Government. They are refusing to complete log books, fill in sales notes, record catches, or co-operate with British fishery protection vessels which board them to check for small-mesh nets and undersized fish.

Leaders of the Federation wil meet Mr. eter Walker, the Agriculture and Fisheries Minister, and Mr. Alick Buchanan-Smith, Minister of State, this evening to press its case.

As the campaign got under way, further evidence of the plight of the industry emerged with the news that Hull's last two fresh fish trawlers had been laid up, leaving the port with just its 22 freezer trawlers.

Boyd Line laid up Arctic Challenger and Arctic Reiver on their return from a pair-trawling trip which yielded a loss of about £26,000. The company's trawler manager, Mr. David Carden, blamed the situation on low quayside prices.

The vessels landed 3,243 ten-stone kits, mainly of cod, haddock and coley, which were sold for £52,359, he said. This compared with a similar trip by the two trawlers at the same time last year when the 2,761 kits landed fetched £78,179 tonnes. "Imports have knocked the bottom out of the market," said Mr. Carden.

The cod price yesterday was £36.63 a kit against £41.53 a year ago. In the meantime costs have risen by 20 per cent. Mr. Carden said the extra cost of fuel alone for the trip just completed was £6,360.

Sugar up at five-year high

By Our Commodities Staff

THE DRAMATIC upsurge on the world sugar market continued yesterday taking prices to their highest levels for more than five years. On the London futures market the August position gained £23.875 to £358.25 a tonne, a rise of £83 from the end of last month.

Earlier in the day the August price reached £370 a tonne and in the morning the London daily raw sugar price was fixed £29 higher at £335 a tonne.

Dealers said there was no significant news to explain the rise, which they attributed to continuing expectations of a substantial world production deficit in the coming year. Analysts comments published recently have been unanimously bullish, they noted.

Yesterday's advance may have been influenced by the latest official estimate of this seasons Cuban sugar harvest, which put the crop at 6.7m tonnes. This would be the lowest production total since 1977 and is at the bottom of the range of recent market forecasts.

Continuing strong physical buying demand was a further factor affecting the market.

The world sugar market is now above the EEC price, and if it remains at this level or rises further the Common Market Commission may have to impose levies on sugar exports instead of granting subsidies. Last week the Commission granted export licences for 122,000 tonnes of white sugar with no subsidy and no levy.

Firestone drops rubber contract cancellation plan

NEW YORK — Firestone Tire and Rubber has dropped plans to buy its way out of existing agreements to purchase natural rubber, market dealers said, reports Reuter.

Dealers said Firestone recently approached them about the possibility of buying its way out of some rubber purchasing contracts, but has since told them it is no longer interested in renegotiating its deals.

The company recently announced the closin gof five of its 12 tyre-making plants

Increased grain crop forecast for USSR

The Soviet Union's domestic grain crop for 1980-81 is forecast at between 190m and 230m tonnes, up from an estimated 179m in the previous season, the U.S. Agriculture Department said in Washington.

USDA's world food and agricultural outlook board forecast 1980-81 USSR wheat output at 90m to 115m tonnes, compared with estimated 1979-80 production of 90.1m tonnes.

Coarse grain production (rye, barley, oats, corn sorghum and millet) in 1980-81 is forecast at 90m to 105m tonnes compared with 80.5m in the prior season.

Total grains includes wheat, coarse grains, pulses, rice buckwheat and miscellaneous grains.

USSR grain imports are expected to total 22 to 34m tonnes in 1980-81 compared with imports of 30.5m in 1979-80.

USDA said the USSR is expected to continue to import large amounts of grain in 1980-81 to build stocks which were nearly exhausted in 1979-80 when the USSR attempted to offset the .S. grain embargo.

USSR imports are expected to be well above 20m tonnes, even if the crop is average or above average. If the crop is small, imports above 34m tonnes will be difficult without a substantial shift in availabilities from the main exporting countries, USDA said.

Preliminary estimates show the USSR will need about 9m to 15m tonnes of wheat and 10m to 20m tonnes of maize in 1980-81, compared with 11.8m and 18.2m tonnes, respectively in 1979-80.

On the USSR's 1980-81 crops, USDA said, the winter grains were late in emerging from dormancy, which suggests the planned level of 235m tonnes will not be met.

The USSR may have decided to economise on feed use per head of livestock so that numbers can be maintained. This is a change from policy earlier in 1980 which may have been to increase slaughter to match livestock herds with reduced feed supplies.

This could mean that productivity will slip, lighter weight animals will be slaughtered, and meat supplies will be below the 1980 plan target of 15.7m tonnes.

Argentina will ship 5m tonnes of maize to the Soviet Union this year in spite of a U.S. call for a grain boycott, Argentine agriculture secretary Camilo Aldao has said, reports Reuter.

Mr. Aldao said contracts for 4m tonnes of grains had been signed with the Soviet Union for delivery this year. "We might send them an additional one million tonnes of maize, depending on the results of the harvest now in progress," he said.

Since the U.S. boycott, grain prices have gone up 30 per cent, Mr. Aldao said.

World total grain production, meanwhile, will likely range from 1.525m to 1,605m tonnes in the 1980-81 season, up from an estimated 1,523.6m in 1979-1980, due to more favourable weather, the USAD said in its initial estimate of the 1980-81 crops.

USDA's World Food and Agricultural Outlook and Situation Board said larger crops are likely in several countries, including Western and Eastern Europe.

World wheat production is placed in a range of 420-460m tonnes for 1980-81, compared with 420m in 1979-80. This includes an estimated 57-66.5m tonnes in the U.S. versus 58.3m in 1979-80.

USDA said current indications point to larger wheat crops in Western and Eastern Europe while India's crop may be down nearly a tenth.

Barley offered for intervention

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THIS MONTH has seen the first significant offers of barley for intervention buying since 1978. The Home-Grown Cereals for the Intervention Board, has Authority, which acts as agent been offered a total of 4,750 tonnes since May 5, the first offers since last autumn when only 120 tonnes was accepted. Previous to that the last intervention buying of barley was in the 1977-78 season when 20,000 tonnes was accepted.

Two thirds of this present offering was from Scotland, the remainder in England. It is very probable that as the month progresses some significant quantities may be offered. The reason for this is that the May intervention price of £97.14 per tonne falls to £87.67 in both June and July.

The intervention price for the new season which starts on August 1 will be subject not only to the last Green Pound devaluation of 5 per cent, but also to the increase to be granted when the Community farm price review, still held up in the EEC budget dispute, is put into effect.

If it is set in line with the Commission's recommendation of a 4½ per cent increase for cereals, the August intervention price will be between £96 and £97 per tonne and rising by £1.12 per month thereafter.

These offers to intervention reflect the generally poor trade for barley which has been caused by some reduction in the use of this cereal due to the mild winter, both by compounders and farmers, and to a fall of about 200,000 tonnes in the volume of barley exports. Stocks still on farms were estimated as being 5 per cent above those of last year at the end of February.

Intervention selling is subject to quite serious conditions: minimum quantity must be 100 tonnes; moisture 15 per cent; and a low proportion of broken grain and other impurities. And intervention selling has in the past been left to merchants, although farmers can do so.

The cost of transport to store is based on that to the nearest store to the farm. At present this is about £3 per tonne, but should a load be rejected, the whole of the transport to and from the directed destination falls on the farmer. The present price of feeding barley is between £90 and £92 per tonne, depending on location, which leaves little margin for intervention selling at present.

But a continuation of the present drought would probably increase the demand for compounds by livestock farmers and could make for a much stronger market later in the year, particularly when next year's intervention price for barley in May should, under present calculations, reach £106 per tonne.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Steady in subdued trading on the London Metal Exchange. Forward metal held within a £6 range throughout the day, starting at £907 and touching a high of £913. The market was unaffected by the firmer tone of Comex and closed on the Kerb at £912. Turnover: 15,200 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	881.5-3	+2.75	887-9	+4
3 months	906-.5	+7	913-4	+4
Settlem't	883	+3	—	......
Cathodes				
Cash	866-8	+2.5	870-5	+6
3 months	888-9	+5.5	891-4	+4
Settlem't	869	+4	—	......
U.S. Prod	—	......	*90-96.25	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £882, 83, three months £907, 06 07, 08, 09, 08. Kerb: Wirebars, three months £907, 06, 05. Afternoon: Wirebars, cash £887, three months £911, 10.5, 10, 11, 11.5, 12, 13, 12, 13. Kerb: Wirebars, three months £910, 10.5, 11.

TIN—Higher, with forward metal starting at £7,360 after the fall in the East over the weekend and then rising as covering against Eastern bloc consumer demand was evident. The price touched £7,435 before easing slightly and the backwardation tended to widen. In the afternoon there was good two-way business between £7,410 and £7,430 and the close on the Kerb was £7 420. Turnover: 1,510 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7530-50	+95	7520-40	+80
3 months	7440-60	+85	7430-50	—17.5
Settlem't	7550	+90	—	......
Standard				
Cash	7460-80	+115	7455-70	+42.5
3 months	7430-40	+90	7425-30	+20
Settlem't	7480	+120	—	......
Straits E.	‡$2200	—20		......
NewYork	—	......	—	......

Morning: Standard three months £7,400, 20, 30, 40. High Grade cash £7,490, 7,500, three months £7,440. Kerb: Standard three months £7,420. Afternoon: Standard three months £7,410, 20 25, 30. Kerb: Standard three months £7,410, 7,400.

LEAD—Higher as forward metal rose in early trading from £344 to £357 in the face of speculative demand attracted by the low level of prices. After this initial rise the price tended to drift back and there was some profit-taking which caused a faill to £346-£347. In the afternoon, however, the price remained around this level, closing on the Kerb at £347.5. Turnover: 11,150 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	345-5	—.5	340-.5	+5.75
3 months	348-9	—2	347-.5	+2.75
S'ment	345	—	—	......
U.S. Spot	—	......	*38-40	......

Morning: cash £348, 346, three months £355, 51, 50, 49. Kerb: three months £348, 47, 46. Afternoon, three months £347, 47.5. Kerb: three months £348, 49, 48, 47.

ZINC—Moved narrowly in routine trading, holding between £307 and £303 through the day, and closing on the Kerb at £302. Turnover: 5,875 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	287.5-8	+1.75	290-2	+2.5
3 months	300-1	+5.5	302-5	+5
S'ment	288	+1	—	......
Primw'ts	—	......	*37.5	......

Morning: cash £288, three months £301, 02, 03, 02, 300. Kerb: three months £300, 01. Afternoon: three months £302. Kerb: three months £303 02.

ALUMINIUM—Easier as forward metal started at £778 and then fell away. The backwardation came in: there was no nearby demand and some light selling was evident. Forward metal after its initial fall traded in a narrow range and closed on the Kerb at £768. Turnover: 5,850 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	780-2	—15.5	784-5	—18
3 months	768-70	—7.5	770-1	—15.[illegible]

Morning: cash £782, three months £779, 77, 78, 75, 71, 70, 69, 68, 69. Kerb: three months £769. Afternoon: three months £770, 72, 73, 71 70. Kerb: three months £770, 71, 70.5, 70, 69, 68.

NICKEL—Lost ground after a session of routine trading, when forward metal dropped from £2,695 to £2,680, recovered to £2,690 and then eased to a close on the Kerb of £2,686. Turnover: 666 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2585-90	—7.5	2585-90	—27.5
3 months	2680-2	—1.5	2680-5	—25

Morning: three months £2,695, 90, 85, 82, 81. Kerb: three months £2,680. Afternoon: cash £2,590, three months £2,685. Kerb: three months £2,685, 90, 88.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

CORAL INDEX: Close 430-435 (—1)

COCOA

COCOA	Yesterd'y's Close	+ or —	Business Done
May	1209-13	+1.0	1222-10
July	1231-32	+2.0	1244-23
Sep	1240-41	—11.0	1256-35
Dec	1285-88	—6.0	1301-1283
March	1317-19	—9.5	1337-18
May	1342-45	—5.5	—
July	1360-70	—17.5	—

Sales: 2,206 (2,429) lots of 10 tonnes.

COFFEE

Robustas opened higher following a steady New York close with the underlying strength of the market attributed to bullish Brazilian news and political unrest in Uganda, reports Drexel Burnham Lambert. In the afternoon gains were pared slightly by trade selling and gradually prices eased back to unchanged levels in nearby positions.

COFFEE	yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1688-90	+3.5	1700-90
July	1740-41	+1.5	1754-50
Sept	1787-88	+1.0	1804-84
Nov	1806-07	+3.0	1817-00
January	1805-10	+10.5	1819-10
March	1770-75	+14.5	1778-60
May	1755-75	+12.5	—

Sales: 5,916 (7,829) lots of 5 tonnes. ICS indicator prices for May 9 (U.S. cents per pound): Other Mild Arabicas 193.50 (189.17); Robustas ICA 1976 175.25 (172.00). ICA 1968 175.50 (172.25). Unwashed Arabicas 218.50 (217.00). Comp. daily ICA 1968 187.75 (194.78).

GRAINS

LONDON GRAIN FUTURES — May wheat was higher on good buying interest and lack of sellers. May barley also saw selling interest and closed higher. New crops were higher with buying interest throughout the day, reports Acli.

WHEAT			BARLEY	
M'nth	Yesterday close	+ or —	Yesterday close	+ or —
May	95.35	+1.85	90.70	+0.15
Sept	94.40	+0.55	91.95	+0.55
Nov	98.10	+0.50	95.80	+0.40
Jan	101.90	+0.55	99.55	+0.40
Mar	105.10	+0.50	103.85	+0.40

Business done—Wheat: May 95.25-94.20, Sept. 94.40-93.40, Nov. 98.00-97.65, Jan. 101.85-101.40, March 105.10-104.65. Sales: 223 lots of 100 tonnes. Barley: May 90.75-90.60, Sept. 91.95-91.65, Nov. 95.80-95.55, Jan. 99.40-99.40, March 102.70-102.60. Sales: 128 lots of 100 tonnes.

IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, May 96, June 96.50, July 97.25 transhipment East Coast. English Feed fob May 99, June 100 East Coast. Maize: French May 117, June 118 East Coast. S. African Yellow May-June 80.00. Barley: English Feed fob May 97.50, June 98.50 East Coast. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: Eastern 92.00, E. Midlands 91.60, N. East 92.80, Scotland 90.50. Other milling wheat: Eastern 95.70. E. Midlands 98.70.

The UK Monetary Coefficient for the week beginning Monday, May 19 (based on HGCA calculations using four days' exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened easier, with little physical interest throughout the day, closing on a quiet note. Lewis and Peat reported a Malaysian godown price of 292 (301) cents a kg (buyer, June).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
June	60.80-60.58	61.20-61.86	60.08-59.80
July	61.10-61.20	62.30-62.40	61.10-60.00
Jly-Sept	62.20-62.40	63.50-63.80	62.40-61.80
Oct-Dec	65.90-66.00	67.20-67.30	67.20-65.80
Jan-Mar	68.30-68.60	70.20-70.30	70.20-68.80
Apr-Jne	71.20-71.30	72.80-73.10	74.80-74.30
Jly-Sept	74.60-74.80	75.60-75.70	77.80-76.80
Oct-Dec	77.20-77.30	78.40-78.50	80.10-78.70
Jan-Mar	80.00-80.30	81.10-81.20	—

Sales: 619 (390) at 15 tonnes, 66 (15) at 5 tonnes.

Physical closing prices (buyers) were: Spot 59.50p (61.25p); June 63.75p (64.50p); July 63.75p (65.25p).

SILVER

Silver was fixde 1p an ounce lower for spot delivery in the London bullion market yesterday at £5.5970. U.S. equivalents of the fixing levels were spot $12.74, down 27p: three-month $12.957, down 34.1c; six-month $13.286, down 35c; and 12-month $14.06, down 36c. The metal opened at £5.6-5.35 ($12¾-$13½) and closed at £5.5-5.8 ($12½-$13¾).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	599.70p	—11	560.5p	—16.5
3 months	577.70p	—13	581p	—17
6 months	595.70p	—13	—	......
12months	632.70p	—13	—	......

LME—Turnover 161 (136) lots of 10,00 ounces. Morning: three months 578, 80, 83, 80, 76, 74. Kerbs untraded. Afternoon: three months 582, 85, 83, 82. Kerbs untraded.

COCOA

Futures traded actively this morning moving £15 higher before light selling eroded the gains. Physicals again traded sporadically with cocoa beans sidelined but with good interest for last quarter cocoa products, reports Gill and Duffus.

SOYABEAN MEAL

firmer and more active.

The London market opened with losses of around 50p on news that much needed rains occurred in the U.S. growing areas over the weekend, reports T. G. Roddick. Prices remained on the defensive but found some commercial support at lower levels.

	Yest'rday Close	+ or —	Business Done
	£ per tonne		
June	108.10-08.4	—1.20	—
August	108.20-08.3	—1.10	108.50-08.20
October	108.20-08.5	—1.30	110.00-08.20
December	109.30-09.5	—0.75	110.00-09.30
February	111.00-12.0	—1.05	112.50-11.80
April	115.00-16.0	—1.75	—
June	115.00-16.0	—3.25	—

Sales: 48 (63) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £335.00 (£306.00) a tonne cif for May-June shipment. White sugar daily price was £330.00 (£303.00).

The August position opened some £8.00 above pre-weekend levels, and touched £370 in the afternoon before falling back £10 as New York failed to match up. Thereafter prices fluctuated irregularly within a £5.00 range, reports C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
May	348.00-49.00	325.00-31.00	361.00-25.00
Aug	358.25-58.50	334.25-34.50	378.00-55.00
Oct	360.25-61.00	340.50-40.75	367.00-39.50

Sales: 12,878 (9,114) lots of 50 tonnes.

NUMBER 4 CONTRACT—Close (in order buyer, seller only). Aug. 362.00, 365.00; Oct. 363.00, 364.00; Jan. 365.00, 367.00; March 368.00, 369.00; May 363.00, 365.00; Aug. 363.50, 364.00; Oct. 359.00, 360.00. Sales 1,944 (1,172).

Tate and Lyle ex-refinery price for granulated basis white sugar was £321.7 (same) a tonne for home trade and £429.00 (£396.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for May 9: Daily price 29.36 (29.39); 15-day average 24.53 (24.14).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order buyer, seller only). New Zealand cents per kilo. May 361, 362; Aug. 375, 376; Oct. 375, 376; Dec. 375, 378; Jan. 375, 376; March 375, 378; May 375, 382; Aug. 375, 395; Oct. 375, 385.

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. May 435.0, 440.0, 440.0-430.0, 46; July 450.0, 451.0, 451.8-441.0, 156; Oct. 452.0, 452.5, 455.0-451.0, 106; Dec. 454.8, 459.0-454.5, 92; March 463.0, 464.5, 466.0-454.5, 19; May 466.0, 467.0, 470.0-468.0, 20; July 470.0, 471.0, 472.0-470.0, 33; Oct. 472.0, 474.0, 473.0-472.0, 12. Sales: 484.

BRADFORD WOOL—Business improved a little on the tops market late last week. Dealers felt the recent spell of world wool market weakness might be over and thus the market is a little

COTTON

LIVERPOOL—Spot and shipment sales amounted to 69 tonnes. Dealings were again light and customers were not anxious to extend engagements. More interest was shown in South American growths with occasional support in African qualities.

TEA AUCTION

LONDON TEA AUCTION — Bright Assams were often dearer, as were brighter Africans. Mediums were irregular but generally lower. Central Africans and Quality Ceylons were also dearer. Quotations: Quality 144p per kilo (142p); Medium 101p (103p); Plain 65p (62p).

GRIMSBY FISH — Supply good, demand good. (Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.40, codlings £3.00-£4.00; Large haddock £3.50-£4.50, medium £3.30-£3.80, small £1.80-£2.20; Medium plaice £3.50-£4.60, best small £3.50-£4.30; skinned dogfish, large £9.00, medium £4.00; Lemon soles, large £8.00, medium £7.00; Rockfish £2.40-£2.60; Rods £2.20-£2.80; Saithe £2.00.

PRICE CHANGES

In tonnes unless otherwise stated.

	May 12 1980	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1770/1800	—40	$1890/20
Copper			
Cash w'bar	£888	+4	£957.5
3 mths	£915.5	+4	£986.5
Cash Cathode	£871.5	+5	£927.5
3 mths	£892.5	+4	£962.5
Gold troy oz	$513.5	+1	$524.5
Lead cash	£340.25	+3.75	£446.5
3 mths	£347.25	+2.75	£432.5
Nickel	£5,555		£3,477
Freemkt(cif)(lb)	265/305c	......	285/316c
Platin'mtr'y oz	£189-193	......	£189/193
Free mkt	£247.60	+0.10	£282.05
Quicksil'ver†	$385/400	+7.5	$405/412
Silver troy oz	559.70p	—11	717.10p
3 months	577.70p	—13	737.10p
Tin Cash	£7,462.5	+42.5	£7,695
3 mths	£7,447.5	+20	£7642.5
Tungsten 22.04lb	$144.50	......	$141.14
Wolfrm 22.04 lbs	$159/145	......	$144/148
Zinc cash	£291	+2.5	£346
3 months	£302.5	+3	£338.5
Producers	$760-825	......	$825
Oils			
Coconut (Phil)	$630s	......	$695
Groundnut	‡	......	‡
Linseed Crude	£387	......	£450
Palm Malayan	$585z	+10	$615
Seeds			
Copra Philip	$385	+10	$460
Soyabean(U.S.)	$259.65s	......	$267
Grains			
Barley Futures	£91.96	+0.85	£90.45
Maize			
French No3AM	‡	......	‡
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	‡	......	‡
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£1,277	+7	£1,347
Future July	£1,231.5	+2	£1,348
CoffeeF't'rJuly	£1,740.5	+1.5	£1,680.5
Cotton A.Index	88.50c	......	91c
Rubber (kilo)	59.50p	—1.75	65.50p
Sugar (Raw)	£335	+29	£239
Wooltp's 64s kl	292p kilo	......	297pkilo

u June. s June/July. t May-June. w Aug. x July. z Indicator. § Buyer. ‡ Per 76-lb flask.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 69.0 to 74.0; Eire hinquarters 84.0 to 88.0, forequarters 48.0 to 52.0. Veal: English fats 70.0 to 80.0; Dutch hinds and ends 94.0 to 106.0. Lamb: English small, new season 64.0 to 84.0. Imported frozen: NZ PL 61.0 to 62.0, PM 59.0 to 60.0. Hoggets: English 44.0 to 60.0; Scotch 44.0 to 60.0. Pork: English, under 100 lb 42.0 to 50.0, 100-120 lb 40.0 to 48.0, 120-160 lb 40.0 to 47.0.

MEAT COMMISSION—Average fatstock prices at representative markets on May 12. GB—Cattle 85.63p per kglw (—1.08). UK—Sheep 148.5p per kgestdcw (+8.7). GB—Pigs 72.3p per kglw (+1.2).

COVENT GARDEN (Prices in sterling per package except where otherwise stated)—Imported Produce: Oranges—Spania: Vernas 3.80-4.20, Bloods 3.30-3.80; Jaffa: Valencia Lates 50/189's 4.80-6.30; Egyptian: Valencia Lates 75/125's 3.00; Moroccan: 54/113's 4.00-4.80; Cypriot: Valencia Lates 3.50-5.80; Arizona: Valencia Lates 82/188's 6.00-6.40. Ortaniques—Jamaican: 54/126's 5.00. Lemons—Italian: 100/150's 4.20-4.50; Spania: Trays 25/45's 2.00-2.20. boxes 4.20-5.00; S. African: Boxes 4.80-6.20. Grapefruit—Cypriot: 20 kg 4.00-5.40; Jaffa: boxes 40/75's 4.80-5.20. Minneolas—Californian: Approx. 20 lb 54/90's 4.30-4.60. Apples—Argentine: Red Delicious 150's 8.80; New Zealand: Cox's Orange Pippins 9.40-9.80, Sturmer Pippins 8.00-8.20, Golden Delicious 7.20; Tasmanian: Cox's Orange Pippins 9.40-10.00, Jonathans 7.60-7.80; Chilean: Granny Smith large boxes 125/150's 7.70; S. African: Golden Delicious 7.50-8.00, Starking 8.00-8.50, White Winters 125/180's 7.50-7.80, Granny Smith 7.50-8.00; French: Golden Delicious, boxes 40 lb 138/175's 5.00-5.50, 20 lb 2.40-2.80, Starkcrimson 125/150's 7.20; Italian: Jonathans 0.10½, Romes 0.11. Pears—S. African: Approx. 34 lb Beurre Bosc 6.00, Packham's 7.50-8.00; Italian: Passacrassane 12 lb 1.80; Chilean: Anjous/Packham's 150/165's 8.50-9.00. Grapes—S. African: Barlinka 5.50, Golden Hill 8.20, Almeria 8.20. Strawberries—Per punnet, Italian 0.37½, Portuguese: 0.35. Melons—Israeli; Yellow 10's 10.00; Chilean; White 9.00-9.50; Spanish: 8/11's 6.00. Avocados—S. African: 3.80-4.00. Pineapples—Ivory Coast: Each 12's 0.45-0.80, 8's 1.00; S. African: 6/9's 2.70-3.00. Bananas—Jamaican: 28 lb, per pound 0.17-0.18. Tomatoes—Canary: 2.50-3.00; Dutch: 3.60-3.80; Guernsey: 3.60-3.80; Jersey: 3.60-4.00. Onions—Chilean: 5.60-5.80; Tasmanian: 20 kg 5.60; Dutch; 6.00; Canary: 6.00-6.40. Chicory—Belgian: 5 lb 2.00-2.40. Potatoes—Egyptian: King Edwards 4.10-4.20; Cypriot: New crop 20 kg 4.40; Jersey: Per pound 0.40; Italian: 55 lb 5.20. Materos 6.00. Carrots—Dutch: 10 kg 3.50; American: Pre-pack 48 x 1 lb 7.20; Malagean: 44 lb 5.00; Cypriot: 2.20. Capsicums—Canary: 6 kg 2.50; Dutch: 5.00. Beetroots—Cypriot: New crop, approx. 28 lb 3.50. Celery: American: 24/30's 6.00-6.50. Cabbages—Dutch: White 2.60-2.80.

English Produce: Potatoes—Per bag 2.30-2.60. Mushrooms—Per pound 0.60-0.65. Apples—Per pound Bramley 0.10-0.16, Laxtons 0.12-0.13. Swedes—Per 25/28 lb 0.60-0.70. Turnips—Per 28 lb 1.20. Carrots—Per bag 1.80-2.20. Cabbages—Per bag 1.20. Cauliflowers Per 12's English 2.20-3.50. Cucumbers—Trays 16/20's 2.20-2.60, pre-pack 16/20's 3.20-3.60. Tomatoes—Per pound 0.30-0.33. Lettuce—Per pound round 0.90-1.00. Cos 1.60-1.80. Rhubarb—Per pound outdoor 0.04-0.05. Onions—Per bag 6.00-6.50. Beetroots—Per bag, round 1.20, long 1.80. Celery—English 12/20's

AMERICAN MARKETS

NEW YORK, May 12.

GOOD MOISTURE over the weekend plus a bearish crop report late Friday pushed the grains and soyabeans sharply lower. The livestock complex was on balance sharply lower. Gold and silver closed moderately lower on light, featureless trading. Copper advanced moderately on selective trade buying. Sugar was limit up on continued strong fundamentals and short-covering. Coffee finished lower on a late sell-off. Cocoa sold off on profit-taking by commission houses. Cotton was strong as the U.S. lowered its estimate of world production for last year, reported Heinold.

Copper—May 87.05 (86.70), June 87.80 (87.30), July 88.50-88.70, Sept. 90.40, Dec. 92.30-92.50, Jan. 93.10, March 94.30, May 95.60, July 96.90, Sept. 98.20, Dec. 100.10, Jan. 100.70, March 101.90. Sales: 3,300.

Potatoes (round whites)—Nov. 73.5-73.6 (73.5). Sales: 120.

Sugar—No. 11: July 33.60-33.85 (32.23), Sept. 32.10 (31.10), Oct. 32.25, Jan. 32.93, March 33.15, May 33.23, July 32.95, Sept. 32.94, Oct. 32.85. Sales: 10,447.

Tin—775.00-783.00 asked (770.00-785.00).

CHICAGO, May 12.

Lard—Chicago loose 18.00 (same). New York prime steam unavailable.

Live Cattle—June 67.27-67.45 (67.17), Aug. 67.35-67.25 (67.25), Oct. 65.20-65.15, Dec. 65.60-65.50, Jan. 66.20, Feb. 66.35, April 66.65.

Live Hogs—June 34.60-34.50 (34.95), July 36.50-36.35 (36.70), Aug. 36.05-35.85, Oct. 36.55-36.40, Dec. 39.40-39.50, Feb. 42.60, April 41.70, June 45.02, July 45.70.

‡‡Maize—May 268½-268¾ (274), July 276½-277 (283¾), Sept. 285½-286, Dec. 293½-293¾, March 305¾, May 313¾.

Pork Bellies — May 32.50-32.40 (32.70), July 33.65-33.55 (33.85), Aug. 33.20-33.10, Feb. 46.95-46.90, March 46.90, May 47.80, July 48.52, Aug. 47.60.

Silver—May 1257.0 (1290.0), June 1261.0 (1296.0), July —, Aug. 1286.0, Oct. 1311.0, Dec. 1336.0, Feb. 1361.0, April 1386.0, June 1411.0, Aug. 1436.0, Oct. 1461.0, Dec. 1486.0, Feb. 1506.0, April 1531.0, June 1556.0, Aug. 1581.0, Oct. 1606.0.

†Soyabeans—May 602 (618½), July 616-615 (432½), Aug. 625, Sept. 633½, Nov. 647-648, Jan. 662½, March 677, May 690.

‖Soyabean Meal—May 167.7-167.8 (171.5), July 172.5-172.7 (177.1), Aug. 175.3-175.1, Sept. 177.6-178.0, Oct. 180.5-180.8, Dec. 184.5, Jan. 187.0-187.2, March 191.3-191.5, May 194.0-195.0, July 197.0-199.0.

Soyabean Oil — May 20.53-20.55 (20.96), July 20.91-20.95 (21.39), Aug. 21.15-21.20, Sept. 21.45-21.43, Oct. 21.60, Dec. 21.95-22.00, Jan. 22.00-22.05, March 22.40, May 22.70-22.75, July 23.05.

†Wheat—May 404½-405 (419½), July 411½-413 (428), Sept. 426-426, Dec. 443-442, March 455½, May 463.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, May 12.

Wheat—U.S. No. 2 Red Winter June $190, July $188, Aug. $191. U.S. No. 2 Northern Spring, 14 per cent, May $197.75, June $197.75, July $198.75, Aug. $201.50, Sept. $203.50. Rest Rest unquoted.

Maize—Afloat $139, May $138.50, June $138.50, July-Sept. $141.75, Oct.-Dec. $147.75, Jan.-March $154.25.

Soyabeans—U.S. Two Yellow Gulfports May $261.50, June $262, July $263.75, Aug. $267, Sept. $271.50, Oct.-Nov. $272, Dec. $277.25, Jan. $282, Feb. $287.25, March $289 sellers. Argentine May $257.50, June $257, July $258, Aug. $262.

Soyameal—44 per cent protein U.S. afloat $233, May $227, June $227, July-Sept. $230, Nov.-March $243. Brazil Pellets afloat $233, May $232, June $231, July $232, Aug. $235, Nov.-March $253.50.

PARIS, May 12.

Cocoa (FFr per 100 kilos)—May 1120-1170, July 1170-1200, Sept. 1200-1218, Dec. 1214-1226, March 1240-1258, May 1255-1280. Sales at call 0.

Sugar (FFr per 100 kilos)—July 3230-3290, Aug. 3275-3285, Oct. 3335-3350, Nov. 3310, Dec. 3370-3400, March 3420-3470, May 3450-3520, July 3460. Sales at call 137.

INDICES

FINANCIAL TIMES

May 9	May 8	M'nth ago	Year ago
275.95	276.29	288.38	277.27

(Base: July 1, 1952=100)

MOODY'S

May 9	May 8	M'nth ago	Year ago
1124.2	1119.8	1141.7	1063.1

(December 31, 1931=100)

DOW JONES

Dow Jones	May 9	May 8	Month ago	Year ago
Spot	444.09	442.09	429.81	392.12
F'tur's	445.82	443.85	438.31	396.07

(Average 1924-25-26=100)

REUTERS

May 12	May 9	M'nth ago	Year ago
1721.1	1709.1	1733.6	1563.6

(Base: September 18, 1931=100)

Intensified speculation in oils features quiet markets
Gilts revive after fresh U.S. prime rate reductions

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Apr. 28	May 8	May 9	May 19
May 12	May 28	May 30	June 9
June 2	June 12	June 13	June 23

* "New time" dealings may take place from 9 am two business days earlier.

The Oil sector again provided outstanding features following intensified speculation in a host of shares, and especially those associated with the Humbly Grove discovery which Carless Capel confirmed yesterday. The first day of a three-week trading Account otherwise brought few fresh developments apart from a revival of takeover interest in situation stocks following two new bids yesterday and Unigate's increased terms for Clifford's Dairies, which the latter rejected. Trading statements also encouraged scattered pockets of activity.

The main body of equities was untested. Leading shares were marked a shade lower on the assumption that the bleak economic outlook and the deferment of hopes of any early reduction in Minimum Lending Rate would continue to blunt investment incentive. This proved to be so, but sellers remained reluctant and many leaders were able to edge better. Dunlop were again prominent as renewed Far Eastern demand promoted more speculation about a possible offer originating from that source.

Dunlop was one of nine constituents of the FT 30-share index to go ex-dividend yesterday, and this depressed the index by around 5 points; after being 4.5 down at the first calculation of the day, however, it closed a net 2.3 off at 434.2.

Domestic investors remained wary of Gilt-edged securities, but continuing foreign buying interest kept the market steady. For a while, the only features were the Variable coupons issues which improved on specialist demand for the 1982 stock. Other shorts gradually improved and support in all sectors increased later following the fresh cuts in U.S. prime rates—one to 16 per cent. Gains after the official close were around ⅛ among both shorts and longs with the exception of Treasury 13¼ per cent 2004-08, on which a call of £30 per cent is due on Friday.

Traded options again failed to attract a reasonable level of business, only 360 deals being completed. The most active stock was Land Securities which recorded 84 contracts.

King and Shaxson good

King and Shaxson featured an otherwise drab banking sector, rising 7 to 77p in response to the better-than-expected preliminary results. Other Discounts hardened in places in sympathy with firm gilts. Alexanders put on 3 to 233p and Clive hardened a penny to 37p, while Cater Ryder held at 320p awaiting Thursday's annual figures. The major clearers closed quietly firm with Midland 3 up at 335p and NatWest a like amount higher at 325p. Currently in rec otpief9p 325p. Currently in receipt of a cash bid worth around 85p per share from Hong Kong and Shanghai Banking, Antony Gibbs rose 3 to 84p while Hill Samuel were wanted at 92p, up 3. In Hire Purchases, FNFC cheapened a fraction to 18¾p, but Lloyds and Scottish closed unaltered at 146p, the latter ahead of Thursday's interim results.

An extremely quiet trade in Insurances left prices with small mixed movements at the close. Commercial Union held at 132p while Royals hardened a couple of pence to 347p ahead of first-quarter figures today and tomorrow respectively. General Accident put on 3½ to 259p xd.

About to enter a major dividend season shortly, Breweries attracted scattered support and ended with moderate gains. Whitbread, annual results Wednesday week, added a penny to 153p, while Bass firmed 2 to 236p. Further consideration of the first-half results helped Vaux, 3 higher at 154p. A dull market of late on fears of short-time working, Distillers closed unchanged at 198p after having touched 196p.

Blue Circle became a notable dull spot in Buildings, shedding 6 to 310p. Redland eased 3 to 157p on news that the company faces legal action following accusations of collusive tendering. French Kier eased a fraction to 39p despite annual profits in line with market estimates, but Tysons (Contractors) held at 19p despite reporting an annual loss. By contrast, Burnett and Hallamshire advanced 20 to 565p in a thin market, while Beechwood added 2½ to 22p following an investment recommendation. In Timbers, speculative counter Mallinson-Denny touched 69¼p xd before settling a fraction harder on balance at 67¼p xd.

A couple of pence easier at the outset, ICI picked up as the session wore on and the close was 2 firmer on balance at 380p. Among other Chemicals, Rentokil revived with a gain of 3 to 131p, while Brent added 4 to 144p. Plysu also firmed 4, to 98p; last year, the annual results were announced June 14.

British Home please

Store majors took on a firmer appearance, although trading was light. British Home announced annual earnings at the top end of market estimates and closed a couple of pence better at 286p. Marks and Spencer, 88p xd, Debenhams, 71p, and Burton, 117p, all added a similar amount, while Woolworths firmed the turn to 62½p in front of today's first-quarter figures. Elsewhere, Kitchen Queen continued to weaken following Friday's news of a much larger first-half deficit than originally anticipated, falling to 10p before settling for a loss of 2 at 11p. Polly Peck, on the other hand, were again boosted by hopes of an asset injection and rose 3 more to 44p. The £4.14m rights issue which accompanied the mid-term results clipped 6 from NSS Newsagents, 112p, while the threat of strong competition from Associated Dairies' Ukay subsidiary left Harris Queensway 7 cheaper at 186p. Among Shoes, second thoughts on the virtual standstill in full-year profits left Garner Scotblair 4 easier at 76p.

Unsettled by the withdrawal of JVC from the negotiations to purchase the Decca television manufacturing operations, Racal became a dull market and closed 4 cheaper at 239p. Other Electrical leaders also trended easier, Thorn EMI closing 4 off at 286p and GEC a shade lower at 370p. News of the proposed £3.1m rights issue in Convertible loan stock was favourably received and left Automated Security 9 to the good at 239p. Brocks Group, a poor market of late, rallied 5 to 30p, while Dubilier closed unaltered at 46p, after 47p, following the interim results. Further adverse Press mention encouraged dullness in Electrocomponents, down 7 at 541p.

Encouraged by the chairman's statement at the annual meeting, Tubes met occasional support and firmed 8 to 252p, but little else worthy of mention developed in the Engineerings leaders. Elsewhere, Christy Bros. advanced 7 to 30p to equal the cash bid from Simon and Coates on behalf of investment clients. Weekend Press mention lifted Porter Chadburn 3½ to 58p xd and Baker Perkins a penny to 78p, while scattered demand ahead of Thursday's preliminary results prompted a gain of 2½ to 29p in Folkes-Hefo. News of the proposed French acquisition left Wagon Industrial a few pence dearer at 170p. In contrast, M. Mole fell 2 to 10p on the annual loss and passing of the dividend.

Proceedings in the Food sector was considerably enlivened by bid developments. British Sugar jumped 24½ to 208 xd to better the bid terms from S. and W. Berisford, 9 off at 140p. Tate and Lyle, excited by the situation, put on 6 to 134p, after 136p. Unigate's revised offer for Clifford's Dairies left the latter's ordinary shares 83 higher at 195p, the A 10 firmer at 99p, and the new nail paid 11 up at 34p premium; Unigate eased a penny to 114p.

Buying ahead of today's interim results lifted RHM 1½ to 50½p, while renewed speculative interest prompted a gain of 5 to 116p in Robertson.

Trusthouse Forte hardened 2 to 180p; the company has agreed terms for the purchase of Bowater Hotels.

Black Arrow up

It was left to selected secondary issues to provide the interest in miscellaneous industrials. Buyers were attracted to Black Arrow following an investment recommendation and the close was 6½ higher at 34½p, while BTR rose 7 to 373p in response to the chairman's confident remarks at the annual meeting. News of the increased dividend forecast, proposed 50 per cent scrip-issue and the group's planned acquisition of Coleman Milne buoyed recently firm Provincial Laundries which closed 3½ to the good at 49½p, while the 12 per cent convertible 1986-88 advanced 25 to 475p. Reflecting the company's North Sea oil interests, Cawoods improved 10 to 212p, while Maurice James hardened a penny to 17½p, after 18p, on the chairman's profits forecast. Sothebys revived with a rise of 16 to 449p on investment support, while renewed speculative interest lifted Dundonian 5 to 70p. Down 12 last week following disappointing second-half results, Marshal's Universal rallied 6 to 86p. By way of contrast, Crest Nicholson gave up 6 to 105p and Lesney Products relinquished 2 to 22p. European Ferries softened 1½ to 128½p ahead of Thursday's annual figures. The leaders closed a shade harder in places, more in sympathy with firmer gilts. Helped by satisfactory first-quarter results, Unilever rose 4 to 412p, while Turner and Newall closed a like amount dearer at 102p xd. Boots edged forward a couple of pence to 186p; the preliminary results are due next week.

The odd feature emerged in otherwise subdued Motor sectors. Dunlop continued to advance on strong far-eastern support, closing 5½ better at 70p xd. Fodens encountered revived speculative buying and firmed 4 to 38p, but Pennine Commercial shed 1½ to 4½p following the annual figures.

The settlement of the provincial print craftsmen's dispute prompted support for Newspaper issues. News International featured with a jump of 15 to 153p. Pearson Longman added 3 to 191p, while Associated picked up 5 to 288p. United added 7 to 355p, while Home Counties closed 5 to the good at 85p.

Percy Bilton remained unsettled by the disappointing property revaluation and shed a further 13 to 205p. Other Properties usually picked up to close virtually unchanged after an uncertain start. Rush and Tompkins put on 11½ to 167p xd following the chairman's annual statement, while Dorrington added 4 to 94p as speculative interest revived.

Rise in Oils continues

The advance in Oil exploration issues continued unabated yesterday. Once again, trading conditions were extremely brisk and many of the day's gains were substantial. Berkeley Exploration stood out with a rise of 21 to 198p. Siebens gained 45 to 860p and Lasmo 32 to 62p, while Tricentrol were well supported at 366p, up 16. Carless Capel closed 10 to the good at 150p; the company yesterday confirmed the presence of oil in the Humbly Grove No. 1 well, but also stated that commerciability cannot yet be established. Candecca rose 9 to 164p and Clyde 13 to 560p. Ultramar closed 4 off at 30p ex scrip issue. Among the leaders, BP, 328p, and Shell, 354p, edged up 4 apiece.

Seltrust higher

The new Account began in the mining markets where the old one left off, with dull trading conditions. The main features were confined to London Financials and Tins.

Selection Trust were the most actively traded maong London Financials as last week's speculative interest was maintained. The shares touched 685p, before late profit-taking brought them back to 665p for a rise of 20 on the day.

Other London Financials were firm in quiet trading. Consolidated Gold Fields lost 2 to 460p, while Charter were unchanged at 144p and Rio Tinto-Zinc picked up ½ to 350p.

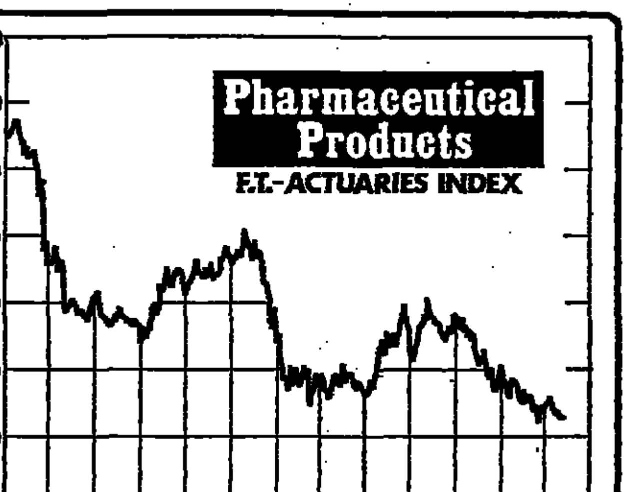
Trading in South African Financials was also quiet, but here again the firm tone was maintained. De Beers were the feature, gaining 5 to 390p.

South African Golds remained firm on the back of the steady bullion price, although there was little demand. The metal closed at $513¼ per ounce, just ahead of Friday's night's New York price, while the Gold Mines Index lost 1.2 to 297.1.

General Mining featured, gaining 20 to 700p. Other leading issues were narrowly mixed.

Tins continued last week's gains, with Malayan Dredging up 35 to 690p and South Malayan 20 ahead at 415p. The rises occurred as London prices were aligned with those of the Far East, and there were some signs of short covering. Trading remained light.

Australians followed the firmer tone in Sydney, but here again very little business was done. Central Pacific rose 1½ to £22¼, while its partner in the Rundle venture, Southern Pacific, put on 37 to 337p. Bougainville gained 4 to 101, but CRA shed a similar amount to close at 244.



LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	330	24	33	39	16	54	—	328p
BP	360	14	3	28	—	39	5	"
Com. Union	140	8	20	13	—	17	—	133p
Courtaulds	60	9	45	10½	—	13	—	68p
GEC	330	54	11	66	—	—	—	369p
GEC	360	32	11	46	—	64	—	"
GEC	390	15	—	41	—	47	1	"
ICI	360	36	16	46	—	57	—	379p
ICI	390	16	5	25	—	39	—	"
Land Secs.	280	59	12	73	—	—	—	336p
Land Secs.	330	20	65	37	—	50	2	"
Land Secs.	360	7½	—	19	—	33	5	"
Marks & Sp.	90	4½	—	8½	3	12	—	88p
Shell	330	46	—	56	2	65	—	355p
Shell	360	24	42	38	—	46	—	"
Shell	390	10	1	20	10	—	—	"
Totals			264		31		13	
		May		August		November		
Imperial Gp.	70	8½	13	13½	—	13	—	78p
Imperial Gp.	80	1½	—	4½	1	6	—	"
Racal Elec.	180	61	3	68	—	—	—	239p
Racal Elec.	200	41	5	50	—	59	—	"
Racal Elec.	220	21	2	34	—	45	5	"
Racal Elec.	240	7	3	22	—	32	—	"
RTZ	260	97	1	—	—	—	—	355p
RTZ	360	6	11	25	—	42	—	"
RTZ	460	¼	—	4	8	10	—	"
Totals			38		9		5	

FINANCIAL TIMES STOCK INDICES

	May 12	May 9	May 8	May 7	May 6	May 2	A year ago
Government Secs.	67.54	67.47	67.54	67.84	68.25	67.70	73.41
Fixed Interest	67.43	67.35	67.44	67.55	67.68	67.42	76.14
Industrial	434.2	436.5	436.7	439.4	444.9	443.6	535.4
Gold Mines	297.1	298.3	294.8	292.3	295.4	297.5	166.4
Ord. Div. Yield	8.17	8.14	8.11	8.05	7.92	7.95	5.55
Earnings, Yld. % (full)	20.00	19.93	19.86	19.61	19.36	19.43	14.92
P/E Ratio (net) (*)	6.06	6.09	6.11	6.19	6.27	6.25	8.61
Total bargains	19,141	19,798	19,593	18,442	20,945	17,794	—
Equity turnover £m	—	116.45	92.51	86.14	87.66	96.98	75.69
Equity bargains total	—	16,742	12,918	15,315	13,701	18,278	14,563

10 am 432.0, 11 am 432.0, Noon 432.2, 1 pm 432.6, 2 pm 433.0, 3 pm 433.1.

Latest Index 01-246 8026.

*Nil=5.65.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980 High	1980 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.26 (21/1)	65.85 (7/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.61 (21/1)	64.70 (10/3)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	478.8 (15/2)	406.9 (3/1)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	377.9 (28/2)	265.5 (18/5)	442.3 (22/6/75)	43.5 (26/10/71)

S.E. ACTIVITY

	May 12	May 9
—Daily		
Gilt Edged	88.6	102.7
Industrials	105.7	116.7
Speculative	33.3	30.7
Totals	77.5	81.4
5-day Avge.		
Gilt Edged	113.8	120.4
Industrials	105.9	106.5
Speculative	32.1	30.6
Totals	79.0	80.0

NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

NEW HIGHS (72)

BRITISH FUNDS (13)
Treas. 3½pc '77-80 — Treas. 3pc 1982
Fund. 5½pc '78-80 — Treas. Variable '82
Exch. 13pc 1980 — Exch. 3pc 1983
Treas. 11½pc 1981 — Treas. Variable '83
Treas. 3½pc '79-81 — Fund. 5½pc '82-84
Exch. 3pc 1981 — Exch. 3pc 1984
Treas. CVariable '81

LOANS (6)
USMC without W'ts. — Do. 11pcUns.Ln. '88
ICFC 5½pcDb. '80-82 — Do. 11¼pcUn.Ln. '90
Do. 6½pcDb. '81-84 — Do. 7½pcADb. '89-92

AMERICANS (1)
Richardson-Merrell

BANKS (1)
King and Shaxson

BEERS (1)
Wolverhampton & Dudley

BUILDINGS (4)
Burnett & H'shire. — Nottingham Brick
Carr (J.) — Watts Blake

CHEMICALS (3)
ICI 5pcPf. — Scot. Agric. Ind.
Rentokil

STORES (1)
Polly Peck

ENGINEERING (3)
Folkes (J.) Hefo n/v
Prestwich Parker
Senior Eng.

FOODS (3)
British Sugar
Clifford's Dairies
Salisbury (J.)

INDUSTRIALS (6)
AGB Research
Black Arrow
Cawoods
Provincial Laundries

MOTORS (2)
Fodens

PROPERTY (2)
Dorrington — Rush and Tompkins

SHIPPING (1)
Furness Withy

SHOES (2)
Hiltons

TRUSTS (5)
Cit and Com. Cap.
Dualvest Cap.
Leda Inv. Cap.
Mercantile House
Viking Resources

OIL AND GAS (14)
Attock
Berkeley Expin.
Candecca Res.
Carles Capel
Century
Clyde Petroleum
Edinburgh Secs.
Imp. Cont. Gas
KCA
LASMO
Premier Cons.
Sceptre
Tricentrol
Viking Oil

MINES (2)
Malay Dredging — Southern Malayan

NEW LOWS (59)

AMERICANS (6)
Amax — Caterpillar
Asarco Intl. — Utd. Tech.
Burroughs Corp. — Xerox Corp.

CANADIANS (1)
Canadian Pacific

STORES (6)
Casket (S.) — Liberty
Cope Sportswear — Do. n/v
Kitchen Queen — Wilkinson Warburton

ENGINEERING (4)
Burgess Products — Mole (M.)
Duport — Ratcliffe (G. B.)

FOODS (4)
Assoc. Biscuit — Barrow Milling
England (J. E.) — Hillards

INDUSTRIALS (19)
Alpine Hldgs. — Hyman (I. and J.)
Bath and Portland — LK Industrial Inv.
Billam (J.) — Lawtex
Brooks Watson — Mettoy
Burco Dean — Do. Defd.
Central Mfg. — Nathan (B. and J.)
Christie-Tyler — Pentos
Elbar Inds. — Wilkins and Mitchell
Glaxo — Wood Hall
Gomme Hldgs.

MOTORS (6)
Lotus Car — Hartwells
Appleyard — Henlys
BSG Intl. — Pennine Comm.

PAPER (3)
Bunzl Pulp — Ozley Printing
Delyn

SHIPPING (1)
Manchester Liners

TEXTILES (1)
Small and Tidmas

TRUSTS (1)
American Trust "B"

OVERSEAS TRADERS (3)
Borthwick (T.) — Jamaica Sugar
Gill and Duffus

RUBBERS (1)
Harrisons Malay. Ests.

MINES (3)
East Rand Cons. — Mid Hidgs.
Coronation

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	66	2	21
Corpns. Dom. and Foreign Bonds			
Industrials	232	230	873
Financial and Prop.	102	61	338
Oils	37	5	8
Plantations	8	1	17
Mines	50	37	68
Others	28	70	42
Totals	506	413	1,403

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980 high	1980 low
LASMO	25p	17	662	+32	662	337
Tricentrol	25p	13	366	+16	368	250
Carless Capel	10p	12	150	+10	150	75
KCA Intl.	25p	11	93xd	+10½	93	41
Premier Cons.	5p	10	97	+ 3	98	39½
Selection Trust	25p	10	665	+20	800	586
BAT Inds.	25p	9	238xd	− 3	271	223
Dunlop	50p	9	70xd	+ 5½	70	51
Burmah Oil	£1	8	216	+ 6	249	162
Shell Transport	25p	7	354	+ 4	410	314
Ultramar	25p	7	330xc	− 4	340	206
BP	25p	6	328	+ 4	412	320
Imp. Cont. Gas	£1	6	814	+14	814	593
Imperial Group	25p	6	77½	− 2	84	71½
NatWest Bank	£1	6	325	+ 3	373	305

OPTIONS

DEALING DATES First Dealing	Last Dealing	Last Declaration	For Settlement
May 6	May 16	Aug. 7	Aug. 18
May 19	Jun. 6	Aug. 28	Sept. 8
Jun. 9	Jun. 20	Sept. 11	Sept. 22

For rate indications see end of Share Information Service.

Money was given for the call in Premier Oil, Dunlop, BP, Lonrho, Tricentrol, KCA, Offshore Oil, Armitage Shanks, Oil Search, George Ewer, Carless Capel, U.K. Properties, P & O Deferred and Hill Samuel. A put was arranged in Premier Oil, while doubles were completed in Premier Oil, Dunlop, Oil Search Burmah and Ultramar.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Mon., May 12, 1980 — Fri., May 9 — Thur., May 8 — Wed., May 7 — Tues., May 6 — Year ago (approx.)

Figures in parentheses show number of stocks per section

1 CAPITAL GOODS (172) [illegible]
2 Building Materials (28)
3 Contracting, Construction (27)
4 Electricals (16)
5 Engineering Contractors (11)
6 Mechanical Engineering (74)
8 Metals and Metal Forming (16)
CONSUMER GOODS
11 (DURABLE) (49)
12 Lt. Electronics, Radio, TV (14)
13 Household Goods (14)
14 Motors and Distributors (21)
CONSUMER GOODS
21 (NON-DURABLE) (173)
22 Breweries (14)
23 Wines and Spirits (5)
24 Entertainment, Catering (17)
25 Food Manufacturers (21)
26 Food Retailing (13)
32 Newspapers, Publishing (13)
33 Packaging and Paper (15)
34 Stores (43)
35 Textiles (24)
36 Tobaccos (3)
37 Toys and Games (5)
41 OTHER GROUPS (98)
42 Chemicals (16)
43 Pharmaceutical Products (7)
44 Office Equipment (6)
45 Shipping (10)
46 Miscellaneous (59)
49 INDUSTRIAL GROUP (492)
51 Oils (8)
59 500 SHARE INDEX
61 FINANCIAL GROUP (118)
62 Banks (6)
63 Discount Houses (10)
64 Hire Purchase (5)
65 Insurance (Life) (10)
66 Insurance (Composite) (9)
67 Insurance Brokers (10)
68 Merchant Banks (14)
69 Property (45)
70 Miscellaneous (9)
71 Investment Trusts (109)
81 Mining Finance (4)
91 Overseas Traders (19)
99 ALL-SHARE INDEX (750)

FIXED INTEREST PRICE INDICES — British Government: 1 Under 5 years; 2 5-15 years; 3 Over 15 years; 4 Irredeemables; 5 All stocks.

FIXED INTEREST YIELDS British Govt. Av. Gross Red.: 1 Low 5 years, 15 years, 25 years; 4 Medium 5 years, 15 years, 25 years; 7 High 5 years, 15 years, 25 years; 10 Irredeemables.

15 20-yr. Red. Deb & Loans (15); 16 Investment Trust Prefs. (15); 17 Coml. and Indl. Prefs. (20)

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

RECENT ISSUES

EQUITIES

Amstrad Cons. Elect.; Hemerdon Mining; Morley (R.H.) 10p; Roche Plant 10p; Trst.of Prop.Shrs.5p.

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Aran Energy; Brent Chemicals; Clifford's Dairies 'A'; East Rand Cons.; First Castle Secs.; Hawley Leisure; Howard Tenens; Pancontinental; Rugby Portland Cement; Unitech; United Biscuits; Watmoughs.

Renunciation date usually last day for dealing free of stamp duty.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	88.37	8.42	—	13.25
Gilt Trust (I.o.M.)	93.3	95.6	−1.3	13.25
Gilt Fnd. Guernsey	8.76	8.82	—	13.25
Intl. Govt. Secs. Tst.				
First Sterling	£19.20	19.38	—	—
First Intl.	£242.79	244.16	—	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest		LF1,095	+10	5.12
Guernsey Inc.	70.7	75.4	—	5.35
Do. Accum.	93.3	99.6	—	5.35

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
98	95⅞	Treasury 3½pc '77-80	98xd	+⅛	3.53	15.98
99	96	Funding 5¼pc '78-80‡‡	99xd	+⅛	5.29	15.98
99⅛	97⅞	Exchequer 13pc 1980‡‡	99xd	+⅛	13.08	14.21
98⅞	96¾	Treasury 11½pc 1981‡‡	98⅞	+⅛	11.68	13.98
92½	90¾	Treasury 3½pc 1979-81	92½	+⅛	3.78	14.12
96½	93⅞	Treasury 9¾pc 1981‡‡	96⅛	+⅛	10.12	14.25
94⅞	91¼	Exch. 8¼pc 1981	94xd	+⅛	8.72	13.90
94⅞	92¼	Exch. 9½pc 1981	94	+⅛	10.03	14.30
91⅞	85½	Exch. 3pc 1981	91⅞	+⅛	3.27	10.23
98	96½	Treas. Variable '81‡‡	98xd	+¼	16.32	18.07
98⅛	95	Exch. 12¾pc 1981‡‡	97xd	+⅛	13.01	14.28
92⅞	88½	Treas. 8½pc '80-82‡‡	92	+⅛	9.23	13.94
88⅞	82½	Treasury 3pc '82‡‡	88⅞	+¼	3.38	10.19
100⅛	96⅝	Treasury 14pc '82‡‡	99	+⅛	14.00	13.97
96	94¼	Treas. Variable '82‡‡	96xd	+⅛	17.10	18.95
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
60	56½	Agric. Mt. 5pc '59-89	59½	.....	8.55	12.82
79	73½	Alcan 10½pc '89-94	79	.....	13.85	14.70
26½	25	Met. Wtr. 3pc 'B'	27	+¼	11.34	13.35
102	89	U.S.M.C. 9pc 1982	96	.....	9.79	—
90½	85½	Do. without Warrants	90½	+½	10.44	16.40

LOANS—Continued

Financial

1980 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
98½	96½	FFI 13pc 1981	98	.....	13.27	15.85
97¾	93½	Do. 14pc '83	97	−½	14.43	15.07
85	79½	ICFC 5½pc Deb. '80-82	85	+1	6.52	13.48
75	71½	Do. 6¼pc Db. '81-84	75xd	+1	8.33	13.90
89	80½	Do. 10¾pc Uns.Ln. '86	89	+½	12.33	14.40
88½	77	Do. 11pc Uns.Ln. '88	88½	+½	13.01	14.00
90½	82	Do. 11¾pc Uns.Ln. '90	90½	+½	13.64	14.45
62½	56	Do. 7¾pc A Deb. '89-92	62½	+½	12.28	14.25
61	51½	Do. 7¾pc A Db. '91-94	59	+½	12.55	14.25
72	64½	Do. 9pc 'A' '91-94	68½	.....	14.09	14.50
66	61	Do. 8¾pc Ln. '92-97	66	+½	13.98	14.65
95	84½	Do. 12¾pc Uns. Ln. 1992	90¼	+¼	14.15	14.60

FOREIGN BONDS & RAILS

1980 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
57	43	Antofagasta Rly.	51½	.....	—	—
50	50	Do. 5pc Pref.	50	.....	—	—
98	98	Chilean Mixed	98	.....	—	3.39
58	42	Chinese 4½pc 1898	42	.....	—	—
45	32	Do. 5pc 1912	32	.....	—	—
24	18	Do. 5pc 1913	21	+1	—	—
24	17½	Do. 5pc 1925 Boxer	24	.....	—	—
430	425	German Yng. 4½pc.	430	.....	4½	—
35	28½	Greek 7pc Ass.	30xd	.....	3½	11.66
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

1980 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
128	108	Allied Irish	108	.....	h08.09	—	7.3	—
16¼	13	Ansbacher (H.) 5p	14¾	+½	—	—	—	—
230	180	Arbuthnot L. £1	228	.....	†10.42	—	6.5	—
360	315	Bk. Ireland £1	315	.....	Q25.0	—	7.7	—
£162	£146	Do. 10pc Conv.	£150	.....	Q10%	—	F6.7	—
8	5	Bk. Leumi $0.1	6	.....	gQ11.4%	—	1.9	—
120	100	Bk. Leumi (UK) £1	120	.....	8.57	—	10.7	—
178	137	Bk. N.S.W. $A1	142	.....	Q16c	ϕ	5.9	ϕ
305	235	Bank Scotland £1	240	.....	15.0	5.1	8.9	3.0
£20¼	£16¼	Bankers N.Y. $10	£19⅞	−⅛	Q$3.30	—	7.5	—

BANKS & HP—Continued

Hire Purchase, etc.

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INDUSTRIALS—Continued

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
33	22	Hirst Mal'son 20p	24	......	2.6	1.4	15.5	(4.6)
80	75	Holden (A.)	80	......	†4.0	3.4	7.1	5.6
51	44	Hollis Bros	44	......	†5.12	1.8	16.6	4.2
256	217	Holt Lloyd Int. 10p	219	+2	F9.0	2.3	5.9	12.0
182	120	Hoover 'A'	178	......	12.0	0.9	9.6	(17.3)
105	93	Hopkins & H 20p	105	......	8.0	ф	11.7	ф
80	54	Howard Tenens	58	......	h2.28	—	5.6	—
375	250	Hunting Assoc.	342	+2	22.5	11.4	1.0	9.7
90	66	Huntleigh 10p	76	......	1.19	ф	2.2	ф
87½	61	Hutch Whamp SHK1	81½	+5½	†Q28c	ф	3.4	ф
25½	18	Hyman (I. & J.) 5p	18xd	−1	1.25	ф	9.9	ф
£11¼	845	I.C. Industries$	£10½	+⅛	Q$2.00	—	8.6	—
145	111	ICL	135	+1	h2.97	6.9	3.2	5.0
32	24	Ingall Inds. 10p	24	......	t2.27	1.7	13.5	7.8
134	107	Initial Services	129	......	†5.5	2.5	6.1	7.6
18	10	Inter-City 20p	10½	−½	0.6	ф	8.2	ф
57	43	J. B. Holdings 10p	43	......	3.0	2.1	10.3	6.5
150	120	Jacksons Bourne	120	......	††3.0	3.3	3.6	11.4
18	14½	Jones (M.) Inds. 20p	17¼	+1	20.75	3.3	6.2	10.3
149½	108	Jardine M. SHK5	130	+2	MQ82c	ф	5.9	ф
29	21½	Jentique	22½	......	2.48	1.6	15.7	4.2
7	4½	Johnson & Barnes	5	......	—	—	—	1.9
180	135	Johnson Clnrs.	156	+1	6.2	3.8	5.7	5.8
300	205	Johnson Mthy. £1	265	......	†8.5	2.9	4.6	9.1
57	39½	Jourdan (T.) 10p	52	+1	4.2	0.6	11.5	20.2
75	63	Kalamazoo 10p	64	−1	3.75	1.6	8.4	10.8
133	98	Kelsey Inds.	128	......	6.0	4.1	6.7	5.2
72	53	Kennedy Sm. 10p	60	......	t2.8	3.7	6.7	7.9
362	225	Kershaw (A.) 5p	300	......	t21.75	0.6	10.4	(32.1)
75	69	Kleen-E-Ze Hldgs.	75	......	d4.5	2.1	8.6	7.8
82	67	L.C.P. Hlds.	76	......	†h3.67	2.3	6.9	7.9

INSURANCE—Continued

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
254	208	Phoenix	214xd	−½	13.3	—	8.9	—
166	136	Provident	164	......	10.2	—	8.9	—
189	162	Prudential	185	......	9.5	—	7.3	—
166	140	Refuge 5p	164	......	10.6	—	9.2	—
356	307	Royal	347	+2	21.5	—	8.8	—
105	85	Sedgwick 10p	103	+1	5.0	2.3	6.9	9.1
82	67	Stenhouse	75	+1	4.52	2.3	8.6	6.7
215	168	Stewart Wr. 20p	200xd	+1	12.0	2.0	8.6	(8.1)
610	520	Sun Alliance £1	594xd	......	28.0	—	6.7	—
166	130	Sun Life 5p	159xd	−1½	H7.5	—	6.7	—
541	433	Taisho Mar. EDR	488	+8	Q10%	—	0.3	—
193	155	Trade Indemnity	185	......	5.6	—	4.3	—
£19⅝	£15¼	Travelers $2.50	£16⅝	−⅛	Q$2.48	—	6.8	—
250	207	Willis Faber	220	......	11.0	1.8	7.1	10.8

LEISURE

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
74	60	Anglia TV 'A'	64	......	3.57	3.0	8.0	5.8
99	81	Assoc. Leisure 5p	95	−½	†4.25	2.6	6.4	7.9
129	102	Barr & W.A.T. 'A'	102	......	†6.75	6.6	9.5	4.2
63½	45½	Black Edgtn. 50p	46xd	−1	5.0	ф	15.5	ф
136	86	Boosey & Hawkes	113	−1	5.67	ф	7.2	ф
90	50	Campari Int. 20p	56	......	†h3.65	3.5	9.3	3.4
80	57	Coral Leis. 10p	57	......	7.45	2.2	18.7	3.5
95½	79½	Fairline Boats 10p	80½	+1	3.5	3.6	6.2	6.3
55	37	Glasgow Pavilion 10p	43	−1	—	—	—	—
34	24	Grampian 'A' 10p	32xd	−½	2.28	ф	10.2	ф
106	90	HTV Non/Vtg.	99	+1	10.0	1.5	15.0	6.5
47½	35½	Hawley Leisure 5p	47½xr	+½	M1.6	5.7	4.9	8.0
270	200	Horizon 5p	242	......	†7.35	4.4	4.3	7.5
14	6	H'w'rd Wyd 20p	6	......	B0.34	—	8.0	—

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Finance

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MINES—Continued

Australian

1980 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	21	Acmex 50c	23	......	—	—	—
24	12	ACM 20c	15	......	—	—	—
86	52½	Bond Corp.	65	+3	h02.8c	2.2	2.2
156	88	Bougainville 1 Kina	101	+4	Q26.4c	ф	14.7
265	195	BH South 50c	200	......	—	—	—
25	11½	Canada Northwest	14½	+½	—	—	—

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FINANCIAL TIMES

Tuesday May 13 1980

House of Fraser resists Lonrho

BY JOHN MOORE

HOUSE OF FRASER, the department store group which owns Harrods, is strongly resisting attempts by its largest shareholder, Lonrho, the international trading conglomerate, to force it to raise its proposed final dividend by 50 per cent to 6p per share.

House of Fraser has said in a letter to shareholders that Lonrho's proposal recommends a level of dividend which, "is considerably more than House of Fraser's earnings for the year (ending January, 1980) in real terms." House of Fraser says that its proposed 6p per share total dividend, including 4p final, represents an increase of 36 per cent over last year.

War of words

Yesterday marked the formal opening of the war of words between Lonrho and House of Fraser as both sides revealed the arguments that they had sent to the Fraser shareholders. Lonrho plans to send another circular to shareholders, possibly later this week, countering House of Fraser's opposition to its moves.

Lonrho, which holds a 29.99 per cent stake in House of Fraser, has asked for a special resolution to be put before Fraser shareholders at the stores group annual meeting on June 19.

Lonrho said in its letter to shareholders that "the proposed increase in the dividend represents no more than a reasonable expectation for shareholders. It will partly compensate shareholders for the low level of dividend paid during the years of dividend control. This has resulted in huge retained profits of almost £100m being accumulated over the 10 years to January 26, 1980."

Lonrho added: "This is an issue of principle for all shareholders."

Exceptions

House of Fraser's board signed its letter to shareholders with the exception of Lord Duncan-Sandys and Mr. Tiny Rowland, respectively Lonrho's chairman and chief executive, who sit on the Fraser board, and of a non-executive director who lives abroad. The board urged shareholders to study the group's ...inflation-adjusted figures.

"Your board's recommended final dividend together with the interim dividend already paid will result in the total payment of £9m being barely covered (1.02 times) by real earnings."

The group added that "it would be irresponsible for the future of the company to pay out in today's circumstances more than was earned in real terms."

Weather

UK TODAY

DRY, WITH prolonged sunshine in the East and outbreaks of thundery rain likely in extreme West. Temperatures ranging from near normal in the West to very warm in the East. Max. temps. 21C (73F)—25C (77F), except S.W. England, S. Wales, Channel Isles, Scotland, Orkney, Shetland and N. Ireland.

Max. temps. 17C (63F)—18C (64F).

Outlook: little general change.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	21	70	Lisbon	C	15	59
Algiers	F	26	79	Locarno	C	19	66
Athens	C	18	64	London	S	23	73
Bahrain	S	32	91	Luxmbg.	S	20	68
Barclna.	C	17	63	Madrid	R	11	52
Beirut	C	21	70	Majorca	C	18	64
Belfast	F	17	63	Malaga	C	17	63
Belgrd.	S	16	61	Malta	F	19	66
Berlin	S	14	57	Mchstr.	F	23	73
Biarritz	C	17	63	Melbne.	R	17	63
Bmghm.	F	22	72	Milan	S	21	70
Blackp'l	F	23	73	M'ntreal	S	11	52
Bordx.	C	19	66	Moscow	R	4	29
Boulgn.	S	23	73	Munich	S	17	63
Bristol	F	22	72	Nairobi	C	21	70
Brussels	S	22	72	Naples	S	22	72
Budpst.	F	16	61	Nwcstl.	S	13	55
B. Aires	S	21	70	N. York	C	18	64
Cairo	S	28	82	Nice	F	20	68
Cardiff	F	21	70	Nicosia	C	23	73
Casbca.	C	20	68	Oporto	R	12	54
Cape T.	S	21	70	Oslo	F	16	61
Chicago	C	12	54	Paris	S	25	77
Cologne	S	21	70	Perth	R	16	61
Cpnhgn.	S	11	52	Prague	F	15	59
Corfu	S	24	75	Reykivk.	C	11	52
Dublin	F	15	59	Rhodes	F	19	66
Dbrvnk.	S	21	70	Rio J'o	C	28	82
Ednbgh.	F	13	55	Rome	S	21	70
Faro	F	18	64	Singapr.	S	31	87
Florence	S	24	75	Stckhm.	S	13	55
Frankf't.	S	21	70	Strasb'g	S	20	68
Funchal	C	17	63	Sydney	S	20	68
Geneva	S	18	64	Tangier	F	17	63
Gibrltr.	F	20	68	Tehran	S	21	70
Glasgow	F	17	63	Tel Aviv	C	35	95
G'rnsey	C	17	63	Tenerife	F	15	59
Helsinki	F	3	17	Tokyo	S	24	75
H. Kong	S	28	82	Toronto	S	13	55
Innsbr'k	S	20	68	Tunis	C	20	68
Invrnss.	F	23	73	Valencia	R	14	57
I.o.Man	F	16	61	Venice	S	22	72
Jersey	F	21	70	Vienna	S	16	61
Jo'burg	S	20	68	Zurich	S	18	64
L. Plms.	C	21	70				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Defence re-think by NATO

BY REGINALD DALE, EUROPEAN EDITOR, IN BRUSSELS

EUROPEAN MEMBERS of the North Atlantic Treaty Organisation have launched a re-examination of their military priorities to see how they can both help out the U.S. and strengthen their own defences in the wake of the Afghanistan and Iranian crises.

After yesterday's meeting here of the Alliance's 11-nation Eurogroup, Ministers undertook in a communique to "shoulder their share of the defence burden" following increasing U.S. military responsibilities outside Europe. Ministers from all the European NATO countries, except France and Iceland, attended.

Final decisions are unlikely to be taken until the Alliance's ministerial council meeting in December. A number of European countries are clearly concerned at the extra financial cost that might be involved if plans already budgeted for are accelerated or increased.

The European countries were preparing for two days of talks by NATO Defence and Foreign Ministers today and tomorrow, at which one of the main themes will be Europe's response to U.S. requests that it should "take up the slack" as American units are assigned tasks outside the traditional NATO area (Europe, the Mediterranean and te North Atlantic).

Herr Hans Apel, the West German Defence Minister, who chaired yesterday's meeting, stressed that there was no question of U.S. troops being withdrawn from Western Europe, a point strongly reaffrmed in the communique. The "slack" would be caused by a change of role for American reserves in the U.S. who might no longer be able to fly to reinforce Western Europein time of war.

The European countries accept that this means re-thinking priorities under the Alliance's existing long-term plans to strengthen its conventional forces. Three topic under study are the level of European reserves, war stocks (essentially ammunition), and transport aircraft.

Pointing out that his country had recently announced plans for better utilisation of its reserves, Herr Apel said he thought other European Governments would follow suit. West Germany is reported to be able to mobilise 1.3m men in time of crisis.

Mr. Francis Pym, Britain's Defence Minister, called for solidarity with and understanding for the U.S. The UK is understood to be studying plans for increasing stocks of war material and ammunition rather than stepping up its reserves. Recruitment to the Territorial Army is already increasing following the recent rise in the bounty pay, and there is no question for the time being of re-introducing national service.

Mr. Pym was also among those who emphasised that American military intervention in the Middle East or South Asia should be considered only as a last resort. He is expected, all the same, to argue in the coming days that the Alliance should not stick to too rigid a definition of its traditional boundaries in defending its interests.

At the same time the Ministers repeated their desire for "effective, balanced and verifiable measures of arms control and disarmament, on the basis of undiminished security, together with their determination to promote stability and peaceful relations with the Soviet Union."

They emphasised that this must be done "within the framework of a global, indivisible and reciprocal process of detente, the pursuit of which is rendered all the more difficult by the Soviet invasion of Afghanistan."

Paul Betts adds from Rome: Mr. Harold Brown, the U.S. Defence Secretary, indicated in talks here over the weekend with the Italian Government, that Washington hopes its European allies will make some military contribution to back up U.S. defence efforts in the Gulf. But U.S. officials in Rome said Washington would not make any formal demand for military help in the Gulf.

$1.5bn Harrier engine development deal agreed

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A JOINT engine development and production deal that could be worth about $1.5bn (£667m) has been signed by Rolls-Royce and its U.S. rival, Pratt and Whitney.

The deal covers future development and production of the Pegasus vertical take-off engine, used in the Harrier jump-jet fighter.

It is intended to ensure that a U.S. engine company gets a share of the work involved in supplying engines for the advanced version of the Harrier, the AV-8B, now being studied by the U.S. Navy and Marine Corps.

The U.S. Marines already have in service over 100 of the earlier version of the Harrier, the AV-8A, but both the Marines and the Navy are interested in the bigger, more powerful AV-8B, of which they may buy up to 340. This would create a demand for up to 450 engines, including spares.

Under U.S. defence procurement rules, however, there must be an American partner for any product bought from overseas.

British Aerospace, which builds the Harrier, has been cooperating with McDonnell Douglas of St. Louis, Missouri for some time. The latter has already built a prototype AV-8B and is now flight-testing it ahead of a U.S. Government procurement decision.

Rolls-Royce has ben working informally with Pratt and Whitney on the Pegasus engine. The AV-8B was built in the U.S., but the Pegasus 11, was UK-produced.

The agreement between Rolls-Royce and Pratt and Whitney puts the private arrangement between the two companies onto a formal contractual basis.

It will enable Pratt and Whitney to start making parts for a batch of eight Pegasus 11 engines, so that the AV-8B test programme can continue.

Pratt and Whitney will make up to 25 per cent of the value of any engines ordered by the U.S. Government for the AV-8B, with Rolls-Royce making the rest. Pegasus engines for the RAF's Harriers will continue to be made wholly by Rolls-Royce in the UK.

The new agreement also covers collaboration between Rolls-Royce and Pratt and Whitney on future Pegasus development.

This includes work on engines for supersonic vertical take-off and landing aircraft, in particular a new technique called "plenum chamber burning," designed to get more power from the Pegasus by burning cold air in the forward swivelling exhaust nozzle.

This technique, which would mean higher speeds for these craft, has been tested in Britain, but has not yet been incorporated on an engine in service.

The AV-8B Harrier is still the subject of considerable political debate on both sides of the Atlantic.

In the U.S., there have been difficulties getting Government approval for buying the aircraft in quantity. In the UK, the RAF has yet to decide whether to buy the AV-8B, and thus help promote the U.S. deal, or opt instead for a version with bigger wings to increase the payload.

The argument in favour of the AV-8B is that an RAF purchase together with a U.S. order would mean several hundred aircraft in all, whereas if the RAF buys the "big wing" version, the U.S. will probably drop the AV-8B programme entirely.

Swedish stevedores strike on

By William Dullforce in Stockholm

A STRIKE by 2,500 stevedores hindered the resumption of work in most Swedish ports yesterday despite the end to the strikes and lock-outs which had paralysed trade and industry for 10 days. The rest of the country returned to work.

The stevedores' union is not a member of LO, the blue-collar union federation which negotiated the pay settlement signed on Sunday night which the employers' association. The stevedores seek pay rises of SKr 10 (£1.04) an hour, or more than 30 per cent.

Ferries were operating again across the straits between Sweden and Denmark yesterday morning, and customs officials were handling road hauliers. Airline traffic restarted from Stockholm's Arlanda Airport on Sunday evening.

Work resumed at most factories. The pulp and paper mills will need a day to get going again, while the three oil refineries, which were shut down, will need about a week.

As expected, the Government announced it was lifting its price freeze from Friday after the pay settlements had turned out to be higher than it had allowed for.

Sweden after the strike. Page 21

Coal yield may have to treble

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE world may have to treble coal production over the next 20 years and increase international trade in coal by 500 per cent if it is to meet the growing demand for energy.

This is one conclusion of a report on coal industry prospects, published yesterday. It follows an 18-month inquiry by the World Coal Study, an 80-strong team from 16 major coal using and producing countries.

The authors believe that an expansion on this scale is possible. However, the report says: "A massive effort to expand facilities for the production, transport and use of coal is urgently required to provide for even moderate growth in the world between now and the year 2000. Without such increase in coal the outlook is bleak."

Limited oil supplies, slow nuclear expansion and a small contribution from alternative energies mean that coal will have to supply between half and two-thirds of the additional energy needed by the world during the next 20 years, even under moderate growth assumptions.

The report estimates demand for coal growing from 2.5bn tonnes of coal equivalent (a million tonnes of coal equivalent, mtce, is a standard energy measure) in 1977 to 6-7bn tonnes by the year 2000—an annual growth rate of 4 to 4.5 per cent.

International trade is projected to increase between three and fivefold, from around 200mtce now to between 560 and 980mtce in 2000.

An estimated 1,000 new bulk carriers, each of 100,000 tonnes, would be needed to carry this coal. The international trade in steam coal, used to fire power stations and industrial boilers could rise from 60mtce in 1977 to 680mtce or more — an increase of more than tenfold.

The report says the U.S. has the greatest potential for expanding exports and could become the world's balancing supplier of steam coal in the 1990s.

Although the U.S. only expects exports to rise from 49mtce in 1977 to 125-200mtce in 2000, it is capable of reaching 350mtce. Other leading exporters will be Australia, South Africa and Canada.

The study expresses "cautious optimism" that the energy gap can be bridged but emphasises that "the public and private enterprises concerned must act co-operatively and promptly if this is to be achieved."

Governments in particular need to provide the confidence and stability required for investment decisions.

A section on the British coal industry says the UK is unlikely to be an important element in the international market, remaining largely self-contained.

The study team was led by Professor Carroll Wilson of the Massachusetts Institute of Technology. British participants included Sir Derek Ezra, chairman of the National Coal Board, and representatives of Shell and BP.

Engineers to start on reactor. Page 9

Continued from Page 1

Rail

nationwide Day of Action against the Government's policies. The poll demonstrated that 84 per cent of those interviewed said they intend to go to work tomorrow.

Mr. David Basnett, chairman of the TUC economic committee, yesterday attacked the "inexcusable personal abuse" of Mr. Len Murray, TUC general secretary, who will today be returning from holiday in Maderia to take part in the Day of Action.

● British Rail is urging passengers to check whether trains are running before attempting long journeys tomorrow. Recorded information will be available on the following numbers:

Midland Region: 01-246 8070.
Southern Region: 01-246 8033.
Western Region: 01-246 8035.
Eastern Region: 01-246 8080.

Chrysler to close two plants

BY IAN HARGREAVES IN WASHINGTON

CHRYSLER yesterday announced the closure of two plants in North America. It also warned that others could be closed as the company tries to slim its operations in accordance with the plan agreed by Government over the weekend.

A comercial vehicle assembly facility in St. Louis, Missouri, is to close in October and a plant in Ontario, Canada, which builds six-cylinder engines will close in August.

These closures will put another 2,500 Chrysler workers out of work. The company has 41,000 hourly-paid men—athird of its workforce—indefinitely laid off. Many of these people have little chance of future employment with Chrysler.

The company said that it was continuing to look for economies in its operations in view of current market conditions. "It is quite possible that there could be other announcements."

The closures announced yesterday take to six the number of plants which Chrysler has decided to shut in the last few months and will reduce to six its number of assembly plants.

A number of these, however, face an uncertain future as Chryslyer works towards its goal of becoming exclusively a builder of front-wheel-drive, mainly small cars after 1983.

This was the operating plan which formed the basis on which the Government Board overseeing Chrysler's affairs agreed on Saturday to authorise $1.5bn in loan guarantees for the company.

The plan involves Chrysler concentrating its activities around two basic model lines, with the possibility of a third stretched version of one of the two basic models.

But the company wishes to keep its options open as long as possible on future closures and conversions in case the market becomes stronger than anticipated for the larger cars which Chrysler still turns out from two of its plants.

Yesterday's announcement also makes it clear why two of the regional governments from which Chrysler expected to receive assistance backed off at the last minute. Missouri and Ontario had both demanded assurances about jobs in return for aid.

Although the small of the two closures in terms of jobs, the Ontario engine plant shutdown is interesting in that it forms part of Chrysler's recently evolved engine strategy.

Chrysler is going out of six-cylinder engine production in effect, to concentrate on four-cylinder units. In-house capacity, supplemented by imports, will give Chrysler access to 1m four-cylinder engines in the model year starting in October. The company also intends to go on building a small number of eight cylinder engines for a small output of luxury flagship cars Chrysler plans to launch in October.

The United Autoworkers Union has indicated that it does not intend to resist the Chrysler cuts, even though this will put still more jobs on the line.

Continued from Page 1

Bank

Mr. Cooke adopted a highly conciliatory tone, some bankers left the meeting unsettled about how the scheme might work in practice. While the Bank of England now stresses that the provisions in the paper might not be drawn up as a set of strict rules, some bankers remain suspicious of the Bank's motives.

"If the Bank is setting up a very complex and costly mechanism to monitor banks' liquidity positions, nobody can be sure that it will not be actually used as a definite control. Once it has a gun in its holster it could draw it," commented one unhappy participant last night.

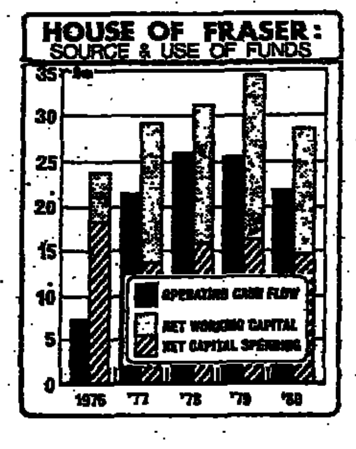
Yesterday's meeting was the first of a series which are expected to take place during the next few months on the liquidity paper, and other proposed regulations which the Bank has drawn up to carry out its supervisory obligations under the 1979 Banking Act.

It now seems clear that the liquidity paper will be re-drafted to meet some of the details of the bankers' objections once these meetings are completed.

THE LEX COLUMN

A big bite for Berisford

Index fell 2.3 to 434.2



Berisford's bid for British Sugar is audacious. It seems likely that it will be bitterly opposed, while after yesterday's share price movements British Sugar's capitalisation had risen to match Berisford's at £125m. The bid involves £51.7m of cash, which looks a lot considering that Berisford's last balance sheet contained overdrafts less cash of £128m, £28m more than tangible shareholders' funds.

It seems safe to assume, though, that Berisford's year-end balance sheet is unrepresentative — it shows stocks of £190m — and cash seems to be the least of its worries. This is all to the good since it may well have to pay more to win the institutions over.

At the moment neither company is rated very highly by the stock market — both made around £32m pre-tax last year, and neither pays much tax. The quality of Berisford's trading earnings is suepect, while British Sugar is a one-product business with undue exposure to the weather and the EEC. The combined businesses would perhaps be better regarded: Berisford would certainly like to have a physical stake in sugar, and it will try to argue (seductively, at a time when the world market sugar price is rising) that it can secure a better price for any surplus production by the British farmers. It also seems anxious to protect the role of the sugar merchant, which it sees as being under threat from British Sugar.

The success or failure of this bid may well depend on the attitude of the Government — and not just because there may be a referral to the Monopolies Commission on the grounds of excessive concentration; Berisford would just have to sit that out. The key is the Government's 24 per cent shareholding in British Sugar. It does not seem to have tried to discourage Berisford from mounting a bid, and this in itself may imply tacit approval.

In its defence British Sugar can fairly claim that it is just reaching the point at which returns from its heavy capital investment programme are beginning to show, and it does have to raise its dividend further. It will try to portray Berisford as a pirate, but it is embarrassing that a pirate should strike in a year of earnings decline.

Unilever

Unilever seems to have had a fair first quarter. Allowing for the absence of MacMarkets, volume was up by 1 per cent or so, and there was a slight rise in operating margins. But after a higher interest charge pre-tax profits rose by only 7 per cent to £138.2m on sales 11 per cent higher.

The edible oils side in the UK and Germany seems to be recovering some of last year's decline, and the group is looking for an improvement in its African business. Overall demand in Europe has held up well, but it seems likely that pressure will grow on margins which the group already considers unsatisfactory. In the U.S., losses on detergents are as high as ever.

With a good summer Unilever should produce profits of the order of £600m in 1980, roughly unchanged, and the shares, yielding 8.3 per cent at 412p, where the p/e is under 5, are not expensive. But it is easy to understand the stock market's lack of immediate enthusiasm.

BHS

The strong performance at British Home Stores in the first half has been maintained through the year and profits have emerged nearly 25 per cent ahead at £41.8m at the pre-tax level. Stripping out inflation and the VAT rise, volume in the non-food division, which represents four-fifths of turnover, has increased by more than 8 per cent. A little less than a third of this gain can be attributed to the opening of eight new stores, with the bulk of the remainder coming from the switch out of foods, where volume has fallen by about 6 per cent. The group's policy of moving up-market also seems to have made a contribution and this, together with the move away from food, has allowed the group to maintain trading margins fully in spite of the VAT rise.

With the onec-for-all benefit of the food switch in the past, the current year will be one of consolidation. Only a couple of store openings are planned, while after rising 20½ per cent last year, the wages bill is set for a similar increase this year. Maintaining last year's capital spend of £35m means that the group could move into net debt of about £15m, producing an interest charge of more than £1m after last year's iterest income of nearly £300,000. Profits may be little higher than £46m pre-tax this year. The share price rose 2p yesterday to 286p, for a 4½ per cent yield and prospective p/e of above 14, fully-taxed.

Lonrho/Fraser

There is something surreal about Lonrho's attempt to force a higher dividend out of the House of Fraser. Its letter to Fraser shareholders appears to have little relationship to the financial facts of life. And the bizarre result is likely to be a queue of solemn faced shareholders voting in favour of the lower pay-out.

Fraser's historic cost profits fell by 8 per cent last year, and it is proposing to increase its overall dividend by around 35 per cent to a level that would just about be covered by current cost earnings. Lonrho would like the payment to be a third higher still—what it describes as a modest increase—and justifies this by referring to the "huge retained profits of almost £100m" which have been accumulated over 10 years.

But anyone who imagines that there is a great stack of crisp green notes piled up in the Harrods' basement should look at the balance sheet. Over the years, Fraser's retentions and depreciation provision have consistently fallen short of its spending on fixed assets and working capital. Allowing for the increase proposed by the Board, the growth in Fraser's dividends has not fallen far behind its earnings since the start of dividend controls.

The final piece of fun is Lonrho's suggestion that Fraser's financial policy can be isolated from the way that it manages its stores, and that anyway an extra £3m on tohe dividend would be nether here nor there for a group of Fraser's size.

There is no doubt that proposals presented in this way should be roundly rejected.

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